

**EISNERAMPER**

**HOUSING AUTHORITY OF THE CITY OF  
KENNER, LOUISIANA**

**FINANCIAL STATEMENTS**

**JUNE 30, 2025**



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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Commissioners  
Housing Authority of the City of Kenner, Louisiana  
Kenner, Louisiana

### **Report on the Audit of the Financial Statements**

#### Opinion

We have audited the accompanying financial statements of the Housing Authority of the City of Kenner, Louisiana (the "Housing Authority"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority, as of June 30, 2025, and the changes in its financial position, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Emphasis of Matter

As discussed in Note 2 to the financial statements, the Housing Authority restated its beginning net position as of June 30, 2024, to correct an error identified in previously issued financial statements. Our opinion is not modified with respect to this matter.

#### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Housing Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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## Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4–8 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



### Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Housing Authority's basic financial statements. The accompanying supplementary information consisting of the schedule of compensation, benefits and other payments to the executive director and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits and other payments to the executive director, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2025, on our consideration of the Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control over financial reporting and compliance.

*EisnerAmper LLP*

EISNERAMPER LLP  
Baton Rouge, Louisiana  
December 29, 2025



# **HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2025**

We, the management of the Housing Authority of the City of Kenner, Louisiana (the "Housing Authority"), present the following discussion and analysis of the Housing Authority's financial activities for the fiscal year ended June 30, 2025. This focuses on the primary government and represents an overview of financial information. Please read this discussion and analysis in conjunction with the Housing Authority's audited financial statements, which follows.

### **FINANCIAL HIGHLIGHTS**

- Effective June 20, 2024, the Housing Authority sold all improvements and equipment of its public housing units to KHA Affordable Properties, LP (the Partnership) in a tax credit transaction in exchange for a promissory note of \$14,150,000 to be paid over a term of 30 years from available cash flows of the project.
- The Housing Authority originally paid and capitalized predevelopment costs, which were mistakenly included in the gain on June 20, 2024, sale of assets to the Partnership. These costs, totaling \$463,808, should have been recorded as a receivable from the Partnership. This error caused the gain on the sale of assets last reported in June 30, 2024, financial statements to be understated by the same amount, and an accounting correction was made in the current fiscal year to adjust the beginning net position.
- The Housing Authority's net position increased by \$953,409 during 2025 and totaled approximately \$20.1 million and \$19.1 million for 2025 and 2024, respectively.
- Operating revenues increased by approximately \$2.2 million during 2025 and were approximately \$11.8 million and \$9.6 million for 2025 and 2024, respectively.
- Operating expenses of all Housing Authority programs increased by approximately \$1.1 million. Total expenses were approximately \$11.5 million and \$10.3 million for 2025 and 2024, respectively.

### **USING THIS ANNUAL REPORT**

This discussion and analysis is intended to serve as an introduction to the Housing Authority's financial statements. The Housing Authority's financial statements are comprised of two components: 1) basic financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The Housing Authority is a special-purpose government engaged only in business-type activities. The financial statements are designed to provide readers with a broad overview of the Housing Authority's finances in a manner similar to a private sector business.

The *Statement of Net Position* presents information on all of the Housing Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Housing Authority is improving or deteriorating, or otherwise changing in a dramatic manner.

**HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2025**

The *Statement of Revenue, Expenses, and Changes in Net Position* presents information detailing how the Housing Authority's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The *Statement of Cash Flows* provides information about the Housing Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities.

These financial statements report on the functions of the Housing Authority that are principally supported by intergovernmental revenues. The Housing Authority's function is to provide decent, safe, and sanitary housing to low-income and special needs populations, which is primarily funded with grant revenue received from the U.S. Department of Housing and Urban Development ("HUD") and dwelling rentals.

**HOUSING AUTHORITY'S SIGNIFICANT PROGRAMS**

The Housing Authority has several programs that are consolidated into a single enterprise fund. The Housing Authority's significant programs consist of the following:

**Conventional Public Housing** - Under the Conventional Public Housing Program, the Housing Authority rents units it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contribution Contract ("ACC") with HUD, and HUD provides an Operating Subsidy and Capital Grant funding to enable the Housing Authority to provide housing at a rent that is based upon 30% of household income. The Conventional Public Housing Program also includes the Capital Fund Program which is the primary funding source for physical and management improvements to the Housing Authority's properties. On June 20, 2024, the Housing Authority sold all of its public housing inventory which included all improvements and equipment of these properties excluding the land to another entity as part of a tax credit transaction to revitalize the housing units available to low-income families.

**Housing Choice Voucher Program** - Under the Housing Choice Voucher Program, the Housing Authority administers contracts with independent landlords that own the property. The Housing Authority subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the landlord. The program is administered under an ACC with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30% of household income.

**HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2025**

**AUTHORITY-WIDE STATEMENTS**

The following table reflects the Condensed Statements compared to the prior year. The Housing Authority is engaged only in Business - Type Activities.

**CONDENSED STATEMENT OF NET POSITION**

	<u>2025</u>	<u>(Restated) 2024</u>	<u>Variance</u>
<b>Assets:</b>			
Current and Restricted Assets	\$ 3,030,894	\$ 2,628,987	\$ 401,907
Note and Accrued Interest Receivable	14,840,784	14,150,000	690,784
Capital Assets	<u>2,486,488</u>	<u>2,501,312</u>	<u>(14,824)</u>
Total Assets	<u>20,358,166</u>	<u>19,280,299</u>	<u>1,077,867</u>
<b>Liabilities:</b>			
Current Liabilities	162,375	56,739	105,636
Non-Current Liabilities	<u>126,024</u>	<u>107,202</u>	<u>18,822</u>
Total Liabilities	<u>288,399</u>	<u>163,941</u>	<u>124,458</u>
<b>Net Position:</b>			
Investment in Capital Assets	2,486,488	2,501,312	(14,824)
Restricted	85,801	-	85,801
Unrestricted	<u>17,497,478</u>	<u>16,615,046</u>	<u>882,432</u>
Total Net Position	<u>\$ 20,069,767</u>	<u>\$ 19,116,358</u>	<u>\$ 953,409</u>

**CONDENSED SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

	<u>2025</u>	<u>(Restated) 2024</u>	<u>Variance</u>
<b>Operating Revenue:</b>			
Dwelling Rent	\$ -	\$ 196,079	\$ (196,079)
Operating Grants	11,364,619	9,402,243	1,962,376
Developer Fees	122,573	-	122,573
Other Revenue	<u>303,841</u>	<u>29,300</u>	<u>274,541</u>
Total Operating Revenue	<u>11,791,033</u>	<u>9,627,622</u>	<u>2,163,411</u>
<b>Operating Expenses:</b>			
Housing Assistance and Protability Payments	9,897,555	8,123,547	1,774,008
Administrative	1,278,047	1,079,844	198,203
General and Insurance	277,697	469,651	(191,954)
Depreciation	-	262,325	(262,325)
Maintenance and Operations	-	366,242	(366,242)
Utilities	-	42,558	(42,558)
Total Operating Expenses	<u>11,453,299</u>	<u>10,344,167</u>	<u>1,109,132</u>
Total Non-Operating Revenues Over Expenses	<u>1,031,726</u>	<u>13,090,359</u>	<u>(12,058,633)</u>
Transfers to Other Agency	<u>(416,051)</u>	<u>-</u>	<u>(416,051)</u>
Change in Net Position	<u>\$ 953,409</u>	<u>\$ 12,373,814</u>	<u>\$ (11,420,405)</u>

**HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2025**

An increase in the Section 8 vouchers operating grant revenue and related HAP expenses was a result of market demand and rate increases due to limited housing available for low-income families.

As discussed above, during the fiscal year ended June 30, 2024, the Housing Authority sold all improvements and equipment of its housing inventory to another entity. The assets sold had a net book value of \$1,899,170 (adjusted for the restatement) in exchange for a \$14,150,000 promissory note with an interest rate of 4.79% to be paid over a term of 30 years resulting in a gain on the sale of assets totaling \$12,250,830.

For several months during the fiscal year June 30, 2025, the Housing Authority was collecting rent and paying costs associated with the housing inventory sold in the prior fiscal year under an agreement with HUD and the Partnership. The net dollar amount of these transactions is reported as a transfer to another agency totaling \$416,051.

**CAPITAL ASSETS AT YEAR-END**

	<u>2025</u>	<u>2024</u>
Land	\$ 2,486,488	\$ 2,486,488
Buildings and Improvements	-	115,111
Furniture and Equipment	40,110	40,110
Construction in Progress	-	-
Accumulated Depreciation	<u>(40,110)</u>	<u>(140,397)</u>
Capital Assets, Net	<u>\$ 2,486,488</u>	<u>\$ 2,501,312</u>

**CHANGES IN CAPITAL ASSETS**

The following reconciliation summarizes the changes in Capital Assets.

Beginning Balance, July 1, 2024	\$ 2,501,312
Additions	-
Disposal due to transfer of assets	(14,824)
Depreciation Expense	-
Ending Balance, June 30, 2025	<u>\$ 2,486,488</u>

**HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2025**

**ECONOMIC FACTORS**

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on supplies and other costs
- Unanticipated natural disasters

**FINANCIAL CONTACT**

This financial report is designed to provide our residents, the citizens of Kenner, and federal and state regulatory bodies with a general overview of the Housing Authority of the City of Kenner's finances as of June 30, 2025. The individual to be contacted regarding this report is Mr. Barry Bordelon, Executive Director, Housing Authority of the City of Kenner, at 1003 3rd Street, Kenner, Louisiana 70065.

**HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA**

**STATEMENT OF NET POSITION**

**JUNE 30, 2025**

	<u>2025</u>
<b><u>CURRENT ASSETS</u></b>	
Cash and cash equivalents	\$ 2,403,552
Restricted cash	38,902
Receivables, net	574,221
Prepaid expenses	14,219
Total current assets	<u>3,030,894</u>
<b><u>NON-CURRENT ASSETS</u></b>	
Note receivable	14,150,000
Accrued interest on note receivable	690,784
Capital assets, net	2,486,488
Total non-current assets	<u>17,327,272</u>
Total assets	<u>20,358,166</u>
<b><u>CURRENT LIABILITIES</u></b>	
Accounts payable	141,920
Accrued wages and payroll taxes	699
Accrued compensated absences	18,946
Other liabilities	810
Total current liabilities	<u>162,375</u>
<b><u>NON-CURRENT LIABILITIES</u></b>	
Accrued compensated absences	<u>126,024</u>
Total non-current liabilities	<u>126,024</u>
Total liabilities	<u>288,399</u>
<b><u>NET POSITION</u></b>	
Investment in capital assets	2,486,488
Restricted	85,801
Unrestricted	17,497,478
Total net position	<u>\$ 20,069,767</u>

The accompanying notes are an integral part of this financial statement.

**HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<b><u>2025</u></b>
<b>Operating Revenues</b>	
Operating grants	\$ 11,364,619
Developer fees	122,573
Other revenue	303,841
	<hr/>
Total operating revenues	11,791,033
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<b>Operating Expenses</b>	
Housing assistance and portability payments	9,897,555
Administrative	1,278,047
General and Insurance	277,697
	<hr/>
Total operating expenses	11,453,299
	<hr/>
Operating income	337,734
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<b>Non-operating Revenues and Expenses</b>	
Capital grants - HUD	274,304
Insurance proceeds	64,058
Interest income	693,364
	<hr/>
Total non-operating revenue and expenses	1,031,726
	<hr/>
Income before contributions and transfers	1,369,460
	<hr/>
<b>Transfers to other agency</b>	(416,051)
	<hr/>
Change in net position	953,409
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<b><u>NET POSITION AT BEGINNING OF YEAR</u></b>	18,652,550
	<hr/>
Correction of an accounting error	463,808
	<hr/>
<b><u>NET POSITION AT BEGINNING OF YEAR, AS RESTATED</u></b>	19,116,358
	<hr/>
<b><u>NET POSITION AT END OF YEAR</u></b>	<u>\$ 20,069,767</u>

The accompanying notes are an integral part of this financial statement.

**HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>2025</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>	
Dwelling rent receipts	\$ 6,767
Operating grants received	11,379,988
Developer fees received	122,573
Other receipts	690,547
Payments to vendors	(203,875)
Payments to employees	(1,260,092)
Housing assistance payments	(9,897,555)
Net cash provided by operating activities	<u>838,353</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>	
Capital grants received	274,304
Proceeds from insurance	64,058
Payments made on behalf of other governments	(416,051)
Net cash used in capital and related financing activities	<u>(77,689)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>	
Interest earned on investments	<u>2,580</u>
Net cash provided by investing activities	<u>2,580</u>
Net increase in cash and cash equivalents	763,244
Cash and cash equivalents, beginning of year	1,679,210
Cash and cash equivalents, end of year	<u>\$ 2,442,454</u>
<b><u>RECONCILIATION OF OPERATING INCOME TO</u></b>	
<b><u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u></b>	
Operating Income	\$ 337,734
Adjustments to reconcile operating income to net cash used in operating activities:	
Bad debt recovery	(688)
Changes in assets and liabilities:	
Receivable	407,207
Prepaid expenses and other assets	190,330
Accounts payable	(134,110)
Accrued wages and payroll taxes	(551)
Accrued compensated absences	18,506
Tenant security deposits	15,032
Unearned revenues	745
Other liabilities	4,148
Net cash provided by operating activities	<u>\$ 838,353</u>
<b><u>RECONCILIATION TO STATEMENT OF FINANCIAL POSITION</u></b>	
Cash and cash equivalents	\$ 2,403,552
Restricted cash	38,902
Total cash and cash equivalents and restricted cash	<u>\$ 2,442,454</u>

The accompanying notes are an integral part of this financial statement.

# HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA

## NOTES TO FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **REPORTING ENTITY**

The Housing Authority of the City of Kenner (the "Housing Authority") is a separate municipal corporation with a Board of Commissioners. The applicable jurisdictions appoint the Board of Commissioners. However, the Housing Authority has legislative and administrative authority, and it recruits and employs personnel. The Housing Authority adopts a budget that is approved by the Board of Commissioners. Subsidies for operations are received primarily from the U.S. Department of Housing and Urban Development ("HUD"). The Housing Authority has substantial legal authority to control its affairs without local government approval; therefore, all operations of the Housing Authority are a separate reporting entity as reflected in this report. The Housing Authority is responsible for its debts and is entitled to surpluses.

Section 2100 of the Governmental Accounting Standards Board *Codification of Governmental Accounting and Financial Reporting Standards* establishes criteria for determining which component units should be considered part of the Housing Authority's reporting entity for financial reporting purposes. The basic criteria are as follows:

- Legal status of the potential component unit
- Financial accountability
  - a. The primary government appoints a majority of the potential component unit's governing body (and) the primary government is able to impose its will on the potential component unit (or)
  - b. When a potential component unit is fiscally dependent on the primary government regardless of whether the organization has separately elected officials or boards.
- Financial benefit/burden relationship between the Housing Authority and the potential component unit.
- Misleading to exclude: Paragraph 111 of Section 2100 covers other potential component units for which the nature or significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading.

Based on the previous criteria, Housing Authority's management has included the following component units in the financial reporting entity:

Kenner Housing Alliance, Inc. (the Alliance) is a not-for-profit organization established to expand the mission of the Housing Authority and partners with other organizations for financing sources for the purpose of developing additional housing for low-income persons. The Housing Authority is the sole member of the Alliance and appoints all members of its governing board. The Alliance entered into a tax credit arrangement with KHA Affordable Properties, LP (the Partnership). The Partnership was created to acquire, construct, develop, improve, maintain, own, operate, lease, and dispose of the housing inventory of the Housing Authority. The Alliance holds a 51% interest, as a non-managing member, in the general partner, KHA GP, LLC, of the Partnership. Since the Housing Authority is the governing body for the Alliance and there is a financial benefit/burden relationship between the Housing Authority and the Alliance, the Alliance is presented as a blended component unit and reported as part of the Housing Authority's financial reporting entity and does not prepare separately issued financial statements.

# **HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA**

## **NOTES TO FINANCIAL STATEMENTS**

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

#### **BASIS OF PRESENTATION AND FUNDS**

The financial statements of the Housing Authority have been prepared in conformity with generally accepted accounting principles ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Housing Authority is a Special Purpose Government engaged only in business-type activities and therefore, presents only the financial statements required for an enterprise fund, in accordance with GASB Codification.

#### **MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The Enterprise Fund is accounted for on the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized when they are earned, and expenses are recognized when they are incurred. With this measurement focus, all assets, liabilities, and deferred outflows/inflows of resources of the Enterprise Fund are included on the statement of net position.

The Enterprise Fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds' principal ongoing operations. According to the Housing Authority's policy, governmental grants are considered operating revenues. The other principal operating revenues of the Housing Authority are rent and maintenance charges to residents and operating fees earned. Operating expenses for proprietary funds include the administrative costs of providing the service and the housing assistance payments to landlords. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

#### **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include amounts in demand deposits (including interest-bearing), time deposits and other financial instruments having an original maturity of ninety days or less, and cash held by the fiscal agent.

#### **RECEIVABLES**

Accounts receivable is reported at the amount considered by management to be collectible and consist of amounts due from HUD, tenants, and former tenants. Uncollectible amounts due from tenants are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate that the amount of the particular receivable is uncollectible.

Notes receivable are recorded at their outstanding principal balance. Interest income is recognized on an accrual basis. Accrued interest receivable is presented separately from principal. An allowance for uncollectible accounts is established based on historical collection

**HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**RECEIVABLES** (continued)

experience and current economic conditions. Notes receivable pledged as collateral for borrowings are disclosed in the notes.

**PREPAID EXPENSES**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

**CAPITAL ASSETS**

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The costs of maintenance and repairs are expensed, while significant renewals and betterments are capitalized. Small dollar value minor equipment items are expensed. Estimated useful lives are as follows:

Buildings and Improvements	15 - 40 years
Furniture and Equipment	3 - 7 years

**TENANTS' REFUNDABLE SECURITY DEPOSITS**

The Housing Authority requires tenants to place a deposit before moving into a housing unit. These deposits are considered restricted and are held until the tenant moves out.

**REVENUE**

Dwelling rent income, HUD grants received for operations, other operating fund grants, and operating miscellaneous income are shown as operating income. HUD grants received for capital assets and all other revenue is shown as non-operating revenue.

**COMPENSATED ABSENCES**

At June 30, 2025, employees of the Housing Authority had accumulated and vested employee leave benefits, computed in accordance with GASB Codification C60. These amounts are recorded as liabilities. The cost of leave privileges expecting to require current resources is considered a current obligation, while the cost of leave privileges not requiring current resources is considered a long-term obligation. All employees, except the Executive Director, receive seven days of paid vacation and five days of sick leave per year up to five years of service. Employees with six or more years of service receive fifteen days of paid vacation and ten sick days per year. No employee can carry over more than thirty days of sick leave or thirty days of vacation leave at the end of each fiscal year. When an employee retires or is terminated, they are paid for up to thirty days of sick leave and thirty days of vacation leave. The Executive Director receives twenty days of vacation leave and fifteen days of sick leave annually. There is no limit on leave that the Executive Director can carry over from year to year. The Executive Director may sell a portion of his accumulated leave up to twenty days with approval from the Chairman of the Board. Upon termination or resignation, the Executive Director shall be compensated for all accrued unused vacation and sick leave.

**HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**COST ALLOCATION**

The Housing Authority allocates indirect costs to programs on the basis of one of the following methods: direct salaries and wages, percentage of office square footage, number of vouchers and/or units, estimated/actual time spent, number of checks processed, or the allotment stipulated in contractual agreements.

**RESTRICTED NET POSITION**

Net position is reported as restricted when constraints placed on use are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use. It is the Housing Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

**RISK MANAGEMENT**

The Housing Authority is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Housing Authority carries commercial insurance for all risks of loss, including workman's compensation and employee health insurance. The Housing Authority has not had any significant reductions in insurance coverage.

**USE OF ESTIMATES**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

**LEASES**

All leases are short term and do not meet the recognition criteria under GASB 87.

**CURRENT YEAR ADOPTION OF NEW STANDARD**

The Housing Authority Adopted *GASB Statement No. 101, Compensated Absences*, which requires governments to accrue a liability for compensated leave that has not been used if all of the following are true: (1) The leave is attributable to services already rendered; (2) The leave accumulates; and (3) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through non-cash means.

**HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**CURRENT YEAR ADOPTION OF NEW STANDARD** (continued)

The amount reported for compensated absences consists of annual leave earned and sick leave earned that is estimated to be paid or used based on average days available and amounts remaining to be settled to employees. These amounts include the salary cost as well as certain salary-related costs, such as the Housing Authority's share of social security expense. The adoption of this standard did not have a material impact on these financial statements.

**2. CORRECTION OF ACCOUNTING ERROR**

A correction of an accounting error was recorded to adjust beginning net position for development costs that were to be reimbursed by the Partnership to the Authority. Predevelopment costs were originally paid and capitalized by the Housing Authority. Predevelopment costs were not separated from other capital costs/improvements and were inadvertently included in the gain recognized on the sale of the Housing Authority's assets to the Partnership on June 20, 2024, totaling \$463,808. These costs, for which the reimbursement was received in the current fiscal, should have been classified as a receivable from the Partnership. As a result, the gain was understated by the same amount.

A comparative financial statement is not being presented. The effect of this correction on the balance of net position as of June 30, 2024, is summarized as follows:

Total net position, June 30, 2024, as previously reported	\$ 18,652,550
Effect of restatement described above	463,808
Total net position, June 30, 2024, as restated	<u>\$ 19,116,358</u>

**3. DEPOSITS**

*Custodial Credit Risk* - The Housing Authority policy is to limit credit risk by adherence to the list of HUD-permitted investments, which are backed by the full faith and credit of or a guarantee of principal and interest by the U.S. Government.

The Housing Authority's cash and cash equivalents book balance consists of cash held in interest bearing checking accounts, with varying rates, totaling \$2,442,454 at June 30, 2025.

Deposit balances (bank balances) at June 30, 2025, are secured as follows:

FDIC Insured	\$ 250,000
Collateralized by pledging bank in Housing Authority's name	<u>3,477,106</u>
Total insured and collateralized balance	<u>\$3,727,106</u>

As of June 30, 2025, the Housing Authority's total bank balances were fully insured and collateralized with the securities held in the name of the Housing Authority by the pledging financial institution's agent and, therefore, they were not exposed to custodial credit risk.

**HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**4. RECEIVABLE**

The following is a summary of accounts receivable, net of allowance for doubtful accounts at June 30, 2025:

	<u>Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Receivable</u>
RAD receivables	\$ 121,350	\$ -	\$ 121,350
Portability receivables	53,568	(8,367)	45,201
Tenant repayment agreement	18,595	(18,490)	105
Landlords' receivables	19,250	(18,888)	362
Other (insurance overpayment)	407,203	-	407,203
Total receivable, net	<u>\$ 619,966</u>	<u>\$ (45,745)</u>	<u>\$ 574,221</u>

**5. CAPITAL ASSETS**

Summaries of capital assets as of June 30, 2025, and activity for the fiscal year then ended are as follows:

	<u>July 1, 2024 Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2025 Balance</u>
Land	\$2,486,488	\$ -	\$ -	\$ 2,486,488
Construction in progress	-	-	-	-
Total assets not being depreciated	2,486,488	-	-	2,486,488
Furniture and equipment	155,221	-	(115,111)	40,110
Total capital assets	2,526,598	-	-	2,526,598
Less: Accumulated depreciation	(140,397)	-	100,287	(40,110)
Total Capital Assets, net	<u>\$2,501,312</u>	<u>\$ -</u>	<u>\$ (14,824)</u>	<u>\$ 2,486,488</u>

**6. ACCOUNTS PAYABLE**

Accounts payable on June 30, 2025, consisted of trade payables in the amount of \$141,920.

**7. LONG-TERM LIABILITIES**

Long-term liability activity for the year ended June 30, 2025, was as follows:

	<u>Balance June 30, 2024</u>	<u>Net Change</u>	<u>Balance June 30, 2025</u>	<u>Current Portion</u>
Compensated Absences	\$ 126,463	\$ 18,507	\$ 144,970	\$ 18,946

**HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**8. RETIREMENT SYSTEM**

The Housing Authority provides retirement benefits for all of its eligible full-time employees through the Housing Renewal and Local Agency Retirement Plan which is governed by a separate Board. The plan is a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Housing Authority contributes 6.8% of the eligible employees' base salaries. Employees are required to contribute 5% of their annual covered salary to the plan. Contributions and allocated investment earnings are fully vested after 5 years of continuous service. During 2025, the Housing Authority made contributions in the amount of \$19,935.

**9. COMMITMENTS AND CONTINGENCIES**

The Housing Authority participates in several federal grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grant. Housing Authority management believes that the amounts of disallowances, if any, which may arise from future audits will not be material.

**10. ECONOMIC DEPENDENCY**

During the year ended June 30, 2025, the Department of Housing and Urban Development provided \$11,638,923 to the Housing Authority which represents approximately 98% of the Housing Authority's total operating revenue for the year.

**11. BLENDED COMPONENT UNIT**

GASB Statement 61, *The Financial Reporting Entity: Omnibus, an Amendment of GASB Statements No. 14 and No. 34*, requires governments engaging only in business-type activities that use a single column for financial statement presentation to present condensed combining information for its blended component units in the notes to the financial statements. Kenner Housing Alliance, Inc.'s condensed financial information at June 30, 2025, is below.

**HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**11. BLENDED COMPONENT UNIT** (continued)

	<u>2025</u>
Assets:	
Cash	\$ 795,998
Total Assets	<u>\$ 795,998</u>
Liabilities:	
Due to the Authority	\$ 673,425
Total Liabilities	<u>673,425</u>
Net Assets:	
Restricted	85,801
Unrestricted	36,772
Total Net Assets	<u>122,573</u>
Total Liabilities and Net Assets	<u>\$ 795,998</u>
Revenues:	
Developer fees	\$ 122,573
Total Revenues	<u>122,573</u>
Total Expenses	<u>-</u>
Total Net Assets	<u>\$ 122,573</u>

Pre-development costs that were paid to the Authority related to the Project as discussed in Note 12 were reimbursed during the fiscal year and deposited into the Alliance’s bank account and owed to the Authority. There were no other transactions during the year. The amounts due to the Authority have been eliminated in the blended presentation.

**12. GROUND LEASE/ NOTE RECEIVABLE AND RELATED PARTY TRANSACTIONS**

The Housing Authority entered into a ground lease agreement, which has a term of 99 years, with KHA Affordable Properties, LP (the Partnership) on June 20, 2024 (the “Ground Lease”) for its land. The Ground Lease agreement was part of the tax credit transaction to revitalize housing units that were owned by the Housing Authority prior to the execution of this agreement and construct a new apartment complex to provide additional housing for low-income families (the Project). Under the terms of the Ground Lease, the Partnership agreed to pay a total of \$1,080 upfront representing the annual rent for the entire lease period. This consisted of a \$100 initial annual payment and annual rent of \$10 per year for the remaining 98 years. As part of this transaction, the possession and ownership of the improvements and equipment located on the land of the Housing Authority was sold to the Partnership in exchange for supplemental rent of \$14,150,000 in the form of a promissory note that bears an interest rate of 4.79% over a term of 30 years. This is to be paid from available cash flows of the Partnership. All the improvements and equipment sold to the Partnership is security for the promissory note. The Project is not expected to be completed until July 2026 therefore the note receivable is classified as long-term.

**HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**12. GROUND LEASE/ NOTE RECEIVABLE AND RELATED PARTY TRANSACTIONS**  
(continued)

The Ground Lease contemplates a “transfer and leaseback” from the Jefferson Parish Economic Development and Port District, a body politic and political subdivision of the State of Louisiana (“JEDCO”). The arrangement is documented in the Lease Agreement and Agreement to Issue Bonds, dated June 1, 2024, by and between JEDCO and the Partnership (the “PILOT Lease”) which provides for the issuance of approximately \$33 million in bonds, where the Partnership would be making payments-in-lieu-of taxes (PILOT) and the Partnership has agreed to convey its right/title/interest in the “Leasehold Improvements” (as defined in the PILOT Lease) to JEDCO after the issuance of a Certificate of Occupancy (CO) for each property in the Project. The conveyance of each property in the Project from the Partnership to JEDCO will occur after the Partnership submits a Completion Certificate to JEDCO.

Then, the Partnership will convey such property to JEDCO pursuant to an Act of Conveyance and JEDCO will lease such property back to the Partnership pursuant to the PILOT Lease. At the time of the PILOT Lease, it was contemplated that the various individual properties of the Project would be transferred by the Partnership to JEDCO in multiple conveyances as construction is completed at each property (with the PILOT Lease anticipating that all COs will be obtained by July 31, 2026). Under the above-described Act of Conveyance, the Partnership will convey the relevant property to JEDCO, all subject to the PILOT Lease, which describes JEDCO leasing the relevant property back to the Partnership. After 20 years, the Partnership will have the option to purchase the relevant “component” property, pursuant to Article X of the PILOT Lease. At the end of the PILOT Lease term, JEDCO will convey the Project to the Partnership via an act of reconveyance.

The Alliance received \$795,998 during the fiscal year ended June 30, 2025, from the Partnership. Of this amount, \$673,425 was received at the financial closing for the reimbursement of the Housing Authority’s 75% share of pre-development costs paid. The remaining difference of \$122,573 represented developer fees. Under the terms of the Partnership agreement 70% of these fees are to be restricted totaling \$85,801 at June 30, 2025 to cover shortfalls of the Project prior to certain rental achievement occurring as defined in the agreement.

**HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA**

**SCHEDULE OF COMPENSATION , BENEFITS, AND OTHER  
PAYMENTS TO THE EXECUTIVE DIRECTOR  
FOR THE YEAR ENDED JUNE 30, 2025**

**Barry Bordelon, Executive Director**

<b><u>PURPOSE</u></b>	<b><u>AMOUNT</u></b>
Salary	\$ 132,344
Payroll taxes - employer portion	10,124
Car allowance	7,200
Phone allowance	1,200
Total	<u>\$ 150,869</u>

See accompanying independent auditors' report.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners  
Housing Authority of the City of Kenner, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Authority of the City of Kenner, Louisiana (the "Housing Authority"), as of and for the year ended June 30, 2025, and the related notes to financial statements, which collectively comprise the Housing Authority's basic financial statements and have issued our report thereon dated December 29, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Housing Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001 that we consider to be a material weakness.

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## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Housing Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Housing Authority's Response to Finding**

Government Auditing Standards requires the auditor to perform limited procedures on the Housing Authority's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Housing Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*EisnerAmper LLP*

EISNERAMPER LLP  
Baton Rouge, Louisiana  
December 29, 2025



## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Commissioners  
Housing Authority of the City of Kenner, Louisiana

### ***Report on Compliance for Major Federal Program***

#### ***Opinion on Major Federal Program***

We have audited the Housing Authority of the City of Kenner, Louisiana's (the "Housing Authority") compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Housing Authority's major federal programs for the year ended June 30, 2025. The Housing Authority's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

#### ***Basis for Opinion on Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Housing Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Housing Authority's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal controls over compliance with the requirements of laws, statutes, regulations, contracts, and grants applicable to the Housing Authority's federal programs.

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### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Housing Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Housing Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Housing Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Housing Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2025-002. Our opinion on the major federal program is not modified with respect to this matter.



*Government Auditing Standards* requires the auditor to perform limited procedures on the Housing Authority's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Housing Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-002 to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Housing Authority's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Housing Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.



The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*EisnerAmper LLP*

EISNERAMPER LLP  
Baton Rouge, Louisiana  
December 29, 2025

EISNERAMPER  
LLP



**HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2025**

<u>Federal Grantor/Pass-Through or Grantor/Program or Cluster Title</u>	<u>Assistance Listing</u>	<u>Federal Expenditures</u>	<u>Amounts Provided to Sub-recipients</u>
<b>U.S. Department of Housing and Urban Development</b>			
Public and Indian Housing	14.850	\$ 451,665	\$ -
Housing Voucher Cluster			
Section 8 Housing Choice Vouchers	14.871	10,912,954	-
Total Housing Voucher Cluster		<u>10,912,954</u>	<u>-</u>
Public Housing Capital Fund (CFP)	14.872	<u>274,304</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development		<u>11,638,923</u>	<u>-</u>
Total Expenditures of Federal Awards		<u>\$ 11,638,923</u>	<u>\$ -</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

**NOTE 1: BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Housing Authority's financial statements for the year ended June 30, 2025.

**NOTE 2: PROGRAM COSTS**

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the Housing Authority's portion, are more than shown. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 3: LOANS**

The Housing Authority did not expend federal awards related to loans or loan guarantees during the year ended June 30, 2025.

**NOTE 4: FEDERALLY FUNDED INSURANCE**

The Housing Authority has no federally funded insurance.

**NOTE 5: NONCASH ASSISTANCE**

The Housing Authority did not receive any federal noncash assistance for the year ended June 30, 2025.

**NOTE 6: INDIRECT COST RATE**

The Housing Authority did not elect to use up to the 15% de minimis indirect cost rate.

**HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA SUMMARY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED JUNE 30, 2025**

**A. SUMMARY OF AUDITORS' RESULTS**

*Financial Statements*

- |   |            |
|---|------------|
| 1. Type of auditors' report issued  | Unmodified |
| 2. Internal control over financial reporting:   |            |
| a. Material weaknesses identified?  | Yes        |
| b. Significant deficiencies identified not considered to be material weaknesses? None noted |            |
| c. Noncompliance material to the financial statements noted?                                | No         |

*Federal Awards*

- |   |                        |
|---|------------------------|
| 1. Type of auditors' report issued on compliance for major programs                                 | Unmodified             |
| 2. Internal control over major programs:  |                        |
| a. Material weaknesses identified?  | Yes                    |
| b. Significant deficiencies identified not considered to be material weaknesses?                    | None noted             |
| 3. Any audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a)? | Yes                    |
| 4. Identification of the major programs:  |                        |
| Name of Federal Awards (or Cluster)   | Assistance Listing No. |
| Housing Voucher Cluster   | 14.871                 |
| 5. Dollar threshold used to distinguish between type A and type B programs:                         | \$750,000              |
| 6. Auditee qualified as a low-risk auditee?   | Yes                    |

**HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA SUMMARY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED JUNE 30, 2025**

**B. FINDINGS RELATED TO THE FINANCIAL STATEMENTS**

**2025-001: MATERIAL WEAKNESS IN INTERNAL CONTROL OVER FINANCIAL REPORTING**

*Criteria:* In accordance with the *Cost Control and Safe Harbor Standards for Rental Mixed-Finance Developments* published by HUD on April 9, 2003, the Housing Authority and the Developer share the obligation to pay third-party predevelopment costs on a 75/25 basis, with the Housing Authority responsible for 75%. Predevelopment costs were to be reimbursed upon closing. Generally accepted accounting principles (GAAP) require that receivables be recognized when reimbursement is probable and measurable.

*Condition:* During the audit, we noted that the Housing Authority did not properly account for predevelopment costs associated with the sale of property in a tax credit transaction. Specifically, predevelopment costs totaling \$463,808 were capitalized and included in the gain recognized on the sale of assets to the Partnership on June 20, 2024. These costs should have been recorded as a receivable from the Partnership for the fiscal year ended June 30, 2024. As a result, the gain on sale was understated by the same amount.

*Cause:* The Housing Authority lacked a sufficient understanding of the accounting treatment for predevelopment cost reimbursements in connection with the tax credit transaction. Internal controls did not ensure proper classification of these costs as a receivable rather than as part of the gain on sale of the assets.

*Effect:* The misclassification resulted in an understatement of the gain on sale by \$463,808 and required a restatement of beginning net position. This error indicates a material weakness in internal control over financial reporting because it resulted in a material misstatement of the financial statements.

*Recommendations:* We recommend that the Housing Authority strengthen its internal controls over accounting for complex transactions, including tax credit arrangements, by:

- Implementing review procedures for classification of reimbursable costs.
- Providing training to staff on GAAP requirements for receivables and gain recognition in mixed-finance transactions.
- Consider hiring outside accounting assistance with an accounting firm familiar with these types of transactions.

*View of Responsible Official:* Management agrees with the finding and will consider the recommendations presented.

**HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA SUMMARY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED JUNE 30, 2025**

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM**

**2025-002: SPECIAL TESTS AND PROVISION – HQS INSPECTIONS**

**U.S. Department of Housing and Urban Development (HUD)  
14.871 – HOUSING VOUCHER CLUSTER  
Grant No. N/A**

*Criteria:* Under 24 CFR §§ 982.158(d) and 982.405(b), Public Housing Authorities (PHAs) administering the Housing Choice Voucher program must inspect units at least annually to ensure compliance with Housing Quality Standards (HQS); conduct quality control re-inspections; and maintain records of all inspections performed.

Uniform Guidance (2 CFR Part 200) requires PHAs to establish and maintain effective internal control over compliance with federal requirements.

*Condition:* Out of a population of 901 total inspections, a sample of 40 was randomly selected for testing. For one unit in the sample, the Housing Authority could not provide evidence that either an initial inspection or a required re-inspection was carried out. Additionally, the Housing Authority does not have an internal control process to verify that documentation of inspection results is properly recorded in the inspection system.

*Cause:* The Housing Authority has not implemented adequate internal controls to ensure inspection documentation is consistently recorded and retained in the inspection system.

*Effect:* Failure to maintain inspection documentation creates a risk of noncompliance with HUD requirements and could result in improper housing assistance payments for units that do not meet HQS standards.

*Questioned Costs:* None identified for this finding; however, the lack of documentation represents a compliance deficiency.

*Recommendations:* We recommend that the Housing Authority establish and implement internal controls to verify that inspection and reinspection results are properly documented in the inspection system. Also, consider performing periodic reconciliations between inspection records and housing assistance payment records. Remind staff on documentation requirements under HUD regulations and Uniform Guidance.

*View of Responsible Official:* Management agrees with the finding and will consider the recommendations presented.

**HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA SUMMARY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**FOR THE YEAR ENDED JUNE 30, 2025**

**A. PRIOR AUDIT FINDINGS RELATED TO THE FINANCIAL STATEMENTS**

There were no findings related to the financial statements for the year ended June 30, 2024.

**B. PRIOR AUDIT FINDINGS RELATED TO COMPLIANCE AND OTHER MATTERS**

There were no findings related to compliance and other matters for the year ended June 30, 2024.

**C. PRIOR AUDIT FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM**

There were no findings or questioned costs related to the major federal award program for the year ended June 30, 2024.

**Commissioners**  
Darrell Schneider, Chair  
Christiania Handy Vice Chair  
Delores Windsor  
Susan Williams  
Indian S. Howard

**Executive Director**  
Barry Bordelon

**KENNER HOUSING AUTHORITY**  
*"Providing the Foundation to a Brighter Future"*  
www.kennerha.com

1003 31<sup>st</sup> Street; Kenner, LA 70065 (504) 467-9166 ♦ Fax: (504) 464-7781

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**12/29/2025**

**2025-001: MATERIAL WEAKNESS IN INTERNAL CONTROL OVER FINANCIAL REPORTING**

**Criteria:** In accordance with the Cost Control and Safe Harbor Standards for Rental Mixed-

Finance Developments published by HUD on April 9, 2003, the Housing Authority and the

Developers share the obligation to pay third-party predevelopment costs on a 75/25 basis, with the Housing Authority responsible for 75%. Predevelopment costs were to be reimbursed upon closing. Generally accepted accounting principles (GAAP) require that receivables be recognized when reimbursement is probable and measurable.

**Condition:** During the audit, we noted that the Housing Authority did not properly account

for predevelopment costs associated with the sale of property in a tax credit transaction.

Specifically, predevelopment costs totaling \$463,808 were capitalized and included in the gain recognized on the sale of assets to the Partnership on June 20, 2024. These costs should have been recorded as a receivable from the Partnership for the fiscal year ended June 30, 2024. As a result, the gain on sales were understated by the same amount.

**Cause:** The Housing Authority lacked sufficient understanding of the accounting treatment for predevelopment cost reimbursements in connection with the tax credit

transaction. Internal controls did not ensure proper classification of these costs as a receivable rather than as part of the gain on sale of the assets.

Effect: The misclassification resulted in an understatement of the gain on sale by \$463,808

and required a restatement of beginning net position. This error indicates a material weakness in internal control over financial reporting because it resulted in a material misstatement of the financial statements.

Recommendations: We recommend that the Housing Authority strengthen its internal controls over accounting for complex transactions, including tax credit arrangements, by:

- Implementing review procedures for classification of reimbursable costs.
- Providing training to staff on GAAP requirements for receivables and gain recognition in mixed-finance transactions.
- Consider hiring outside accounting assistance with an accounting firm familiar with these types of transactions.

#### Management's Response:

Management agrees with the finding. The Housing Authority acknowledges that predevelopment costs associated with the mixed-finance tax credit transaction were initially misclassified and should have been recorded as a receivable in accordance with GAAP.

Management notes that the **fee accountant identified the error during the year-end closing process**, and the Housing Authority **corrected the accounting treatment prior to disclosure to the auditor**, including recording the appropriate receivable and adjusting the gain on sale and beginning net position.

#### Corrective Actions:

To prevent recurrence, the Housing Authority has taken the following actions:

Implemented enhanced management review procedures for complex transactions, including mixed-finance and tax credit arrangements and contracted with an experienced **CPA to assist management with reviewing and evaluating complex accounting transactions** to ensure proper GAAP classification.

Management believes these actions strengthen internal controls and will improve the accuracy and reliability of financial reporting going forward.

**Responsible Party:** Executive Director

**Anticipated Completion Date:** Implemented and ongoing

**Commissioners**  
Darrell Schneider, Chair  
Christiania Handy Vice Chair  
Delores Windsor  
Susan Williams  
Indian S. Howard

**Executive Director**  
Barry Bordelon

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**12/29/2025**

2025-002: Special Test and Provision-HQS Inspections

**Criteria:** Under 24 CFR §§ 982.158(d) and 982.405(b), Public Housing Authorities (PHAs) administering the Housing Choice Voucher program must inspect units at least annually to ensure compliance with Housing Quality Standards (HQS); conduct quality control reinspections. and maintain records of all inspections performed.

**Uniform Guidance** (2 CFR Part 200) requires PHAs to establish and maintain effective internal control over compliance with federal requirements.

**Condition:** Out of a population of 901 total inspections, a sample of 40 was randomly selected for testing. For one unit in the sample, the Housing Authority could not provide evidence that either an initial inspection or a required re-inspection was carried out.

Additionally, the Housing Authority does not have an internal control process to verify that documentation of inspection results is properly recorded in the inspection system.

**Cause:** The Housing Authority has not implemented adequate internal controls to ensure i  
**Effect:** Failure to maintain inspection documentation creates a risk of noncompliance with HUD requirements and could result in improper housing assistance payments for units that do not meet HQS standards.

**Questioned Costs:** None identified for this finding; however, the lack of documentation represents a compliance deficiency.

**Recommendations:** We recommend that the Housing Authority establish and implement internal controls to verify that inspection and reinspection results are properly documented in the inspection system. Also, consider performing periodic reconciliations between inspection records and housing assistance payment records. Remind staff on documentation requirements under HUD regulations and Uniform Guidance.

**View of Responsible Official:** Management agrees with the finding and will consider the recommendations presented.

Management Response:

Management agrees with the finding. The Kenner Housing Authority has a contract with Solutient Inc. The inspector was out for a period of time with an injury, and a temporary inspector was hired to handle the daily inspection load. It is apparent he was not familiar with the PHA web software, and he did not save the inspection information properly in the system. Solutient will make sure any new hires are properly trained to use the PHA web software prior to doing inspections. Solutient will also have an employee verify that the inspection and reinspections are properly documented in the PHA web system to ensure all payments to landlords are correct and up to date.

Management believes these actions strengthen internal controls and will improve the accuracy and reliability of inspections and reinspections going forward.

Responsible Party: Executive Director

Anticipated Completion Date: Implemented and ongoing

## **INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES**

To: Barry Bordelon, Executive Director and Board of Commissioners and  
Louisiana Legislative Auditor

We have performed the procedures enumerated in Schedule A on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) of the Housing Authority for the City of Kenner, Louisiana (the Housing Authority) for the fiscal period July 1, 2024 through June 30, 2025. The Housing Authority of the City of Kenner, Louisiana's management is responsible for those C/C areas identified in the SAUPs.

The Housing Authority has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of performing specified procedures on the C/C areas identified in the LLA's SAUPs for the fiscal period July 1, 2024 through June 30, 2025. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures we performed, and the associated findings are summarized in the attached Schedule A, which is an integral part of this report.

We were engaged by the Housing Authority to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs of the Housing Authority for the fiscal period July 1, 2024 through June 30, 2025. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Housing Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

The purpose of this report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.



EISNERAMPER LLP  
Baton Rouge, LA  
December 29, 2025

HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA  
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS  
JUNE 30, 2025

Schedule A

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read “*no exception noted*” or for step 13 “*we performed the procedure and discussed the results with management*”. If not, then a description of the exception ensues.

If the C/C area was not required to be subjected to the procedures in the current year per the 2-year rotation guidelines published by the LLA, then the results will read “*Procedures were not performed in the current year (Year 2 in accordance with LLA guidelines.*”

**1) *Written Policies and Procedures***

---

A. Obtain and inspect the entity’s written policies and procedures and observe whether they address each of the following categories and subcategories (if applicable to public funds and the entity’s operations):

i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

*The entity has a written policy for budgeting; however, the policy does not contain a procedure for amending the budget. Preparing, adopting, and monitoring the budget were included in the budgetary policies and procedures.*

ii. **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

*No exception noted.*

iii. **Disbursements**, including processing, reviewing, and approving.

*No exception noted.*

iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management’s actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

*No exception noted.*

v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

*No exception noted.*

HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA  
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS  
JUNE 30, 2025

Schedule A

- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

*The entity has a written policy for contracting; however, the policy does not contain attributes (2) standard terms and conditions or (3) a legal review. The policy did contain attributes (1) types of services requiring written contracts, (4) approval process, and (5) monitoring process.*

- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

*No exception noted.*

- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

*No exception noted.*

- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

*The entity has a written policy governing ethics; however, the policy does not contain attribute (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy. The policy did contain attributes (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, and (3) system to monitor possible ethics violations.*

- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

*The entity does not issue debt and thus does not have a policy in place for debt service.*

- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA  
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS  
JUNE 30, 2025

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*The entity has a written policy covering information technology disaster recovery; however, the policy does not contain attributes (3) periodic testing/verification that backups can be restored and (6) identification of personnel, processes, and tools needed to recover operations after a critical event. The policy did contain attributes (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (4) use of antivirus software on all systems, and (5) timely application of all available system and software patches/updates.*

- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

*The entity has a written policy covering sexual harassment; however, the policy does not contain attributes (2) annual employee training or (3) annual reporting. The policy did contain attribute (1) agency responsibilities and prohibitions.*

## **2) Board or Finance Committee**

---

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- i. Observe whether the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

*No exception noted.*

- ii. For those entities reporting on the governmental accounting model, review the minutes from all regularly scheduled board/finance committee meetings held during the fiscal year and observe whether the minutes from at least one meeting each month referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

*No exception noted.*

- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA  
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS  
JUNE 30, 2025

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*The entity accounts for its activities under a proprietary fund. Therefore, this procedure did not apply and was not performed.*

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

*No exception noted.*

### **3) Bank Reconciliations**

---

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

*A listing of bank accounts was provided and included a total of 4 bank accounts. Management identified the entity's main operating account. No exceptions were noted as a result of performing this procedure.*

*From the listing provided, the operating account and 3 other accounts were selected and tested for the month ending June 30, 2025.*

- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

*Of the 4 bank reconciliations provided for testing, three of the four bank reconciliations were not prepared within 2 months of the related statement closing date. There was no written documentation on one of the bank reconciliations to support the reconciliation was prepared within 2 months of the related statement closing date.*

- ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and

*The bank reconciliations did not include written evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed the bank reconciliation.*

HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA  
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS  
JUNE 30, 2025

Schedule A

- iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

*Of the four bank reconciliations provided for testing, two of the four bank reconciliations did not have documentation reflecting management has researched the reconciling items that have been outstanding for more than 12 months.*

**4) Collections (excluding electronic funds transfers)**

---

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

*A listing of deposit sites was provided and included a total of 1 deposit site. No exceptions were noted as a result of performing this procedure.*

- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

*A listing of collection locations for the deposit site selected in procedure #4A was provided and included a total of 2 collection locations. No exceptions were noted as a result of performing this procedure.*

*From the listing provided, one collection location for each deposit site was selected for testing. Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.*

- i. Employees responsible for cash collections do not share cash drawers/registers;

*No exceptions noted*

- ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit;

*No exceptions noted*

- iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and

*No exception noted.*

HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA  
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS  
JUNE 30, 2025

Schedule A

- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee verifies the reconciliation.

*No exception noted.*

- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

*No exception noted.*

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

*We randomly selected 2 deposit dates for each of the 4 bank accounts selected in procedure #3A. We obtained supporting documentation for each of the 8 deposits and performed the procedures below.*

- i. Observe that receipts are sequentially pre-numbered.

*No exception noted.*

- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

*No exception noted.*

- iii. Trace the deposit slip total to the actual deposit per the bank statement.

*No exception noted.*

- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

*No exceptions noted.*

- v. Trace the actual deposit per the bank statement to the general ledger.

*No exception noted.*

HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA  
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS  
JUNE 30, 2025

Schedule A

**5) Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)**

---

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

*The listing of locations that process payments for the fiscal period was provided. No exceptions were noted as a result of performing this procedure. The list provided one location that processes payments for which the procedures below were performed.*

- B. For each location selected under #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:

*The listing of employees involved with non-payroll purchasing and payment functions for the payment processing location selected in procedure #5A was provided. We noted that the entity has no written policies or procedures that properly segregate duties as described.*

*Inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.*

- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

*The entity does not utilize a purchase order function due to the size of the entity which only includes 3 full-time workers and 2 part-time workers. Vendor payments are authorized by the Executive Director through his signature on vendor invoices and approved through his execution of a signed check.*

- ii. At least two employees are involved in processing and approving payments to vendors;

*No exception noted.*

- iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;

*The employee responsible for processing payments is not prohibited from adding/modifying vendor files, additionally, no other employee is responsible for periodically reviewing changes to the vendor files.*

HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA  
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS  
JUNE 30, 2025

Schedule A

- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

*No exception noted.*

- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

*An employee not authorized to sign checks can approve/submit electronic disbursements for payment.*

- C. For each location selected under #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and

*A listing of non-payroll disbursements for the payment processing location selected in procedure #5 was provided related to the reporting period. No exceptions were noted as a result of performing this procedure.*

*From the listing provided, we randomly selected 5 disbursements and performed the procedures below.*

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

*No exception noted.*

- ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

*No exception noted.*

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. *Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.*

*No exceptions noted.*

HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA  
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS  
JUNE 30, 2025

Schedule A

**6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)**

---

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

*Procedures were not performed in the current year (Year 2) in accordance with LLA guidelines.*

- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and

*Procedures were not performed in the current year (Year 2) in accordance with LLA guidelines.*

- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., itemized receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported; and

*Procedures were not performed in the current year (Year 2) in accordance with LLA guidelines.*

- ii. Observe that finance charges and late fees were not assessed on the selected statements.

*Procedures were not performed in the current year (Year 2) in accordance with LLA guidelines.*

- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

*Procedures were not performed in the current year (Year 2) in accordance with LLA guidelines.*

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Schedule A

**7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)**

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

*Procedures were not performed in the current year (Year 2) in accordance with LLA guidelines.*

- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana ([doa.la.gov/oa/ost/ppm-49-travel-guide/](http://doa.la.gov/oa/ost/ppm-49-travel-guide/)) or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov));

*Procedures were not performed in the current year (Year 2) in accordance with LLA guidelines.*

- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

*Procedures were not performed in the current year (Year 2) in accordance with LLA guidelines.*

- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by "Written Policies and Procedures", procedure #1A(vii); and

*Procedures were not performed in the current year (Year 2) in accordance with LLA guidelines.*

- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*Procedures were not performed in the current year (Year 2) in accordance with LLA guidelines.*

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**8) Contracts**

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- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and

*An active vendor list for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.*

*From the listing provided, 5 contracts were selected for testing and the procedures below were performed.*

- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;

*Not applicable for the selected contracts.*

- ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter);

*Approval by the governing body/board is not required. No exception noted.*

- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

*No exception noted.*

- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

*No exception noted.*

**9) Payroll and Personnel**

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- A. Obtain a listing of employees and elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

*A listing of employees/elected officials employed during the fiscal year was provided. No exceptions were noted as a result of performing this procedure.*

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*From the listing provided, 5 employees/officials were selected and the specified procedures below were performed. No exceptions noted.*

- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

*We randomly selected 1 pay period during the fiscal period and performed the procedures below for the 5 employees/officials selected in procedure #9A.*

- i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

*No exception noted.*

- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

*No exception noted.*

- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

*No exception noted.*

- iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

*No exception noted.*

- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

*The Entity did not have any terminations in the current year.*

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- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums) have been paid, and any associated forms have been filed, by required deadlines.

*No exceptions noted.*

**10) Ethics**

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- A. Using the 5 randomly selected employees/officials from procedure "Payroll and Personnel" procedure #9A, above obtain ethics documentation from management, and

- i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

*Procedures were not performed in the current year (Year 2) in accordance with LLA guidelines.*

- ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

*Procedures were not performed in the current year (Year 2) in accordance with LLA guidelines.*

- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

*Procedures were not performed in the current year (Year 2) in accordance with LLA guidelines.*

**11) Debt Service**

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- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

*The entity had no outstanding debt during the fiscal year. Therefore, this procedure was not performed.*

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- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

*The entity had no outstanding debt during the fiscal year. Therefore, this procedure was not performed.*

### **12) Fraud Notice**

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- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

*Procedures were not performed in the current year (Year 2) in accordance with LLA guidelines.*

- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

*Procedures were not performed in the current year (Year 2) in accordance with LLA guidelines.*

### **13) Information Technology Disaster Recovery/Business Continuity**

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- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

*We performed the procedure and discussed the results with management.*

- ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

*We performed the procedure and discussed the results with management.*

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- iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

*We performed the procedure and discussed the results with management.*

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidenced that the selected terminated employees have been removed or disabled from the network.

*We performed the procedure and discussed the results with management.*

- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

- Hired before June 9, 2020 - completed the training; and
- Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

*We performed the procedure and discussed the results with management.*

**14) Prevention of Sexual Harassment**

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- A. Using the 5 randomly selected employees/officials from "Payroll and Personnel" procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

*Procedures were not performed in the current year (Year 2) in accordance with LLA guidelines.*

- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

*Procedures were not performed in the current year (Year 2) in accordance with LLA guidelines.*

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C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

- i. Number and percentage of public servants in the agency who have completed the training requirements;

*Procedures were not performed in the current year (Year 2) in accordance with LLA guidelines.*

- ii. Number of sexual harassment complaints received by the agency;

*Procedures were not performed in the current year (Year 2) in accordance with LLA guidelines.*

- iii. Number of complaints which resulted in a finding that sexual harassment occurred;

*Procedures were not performed in the current year (Year 2) in accordance with LLA guidelines.*

- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

*Procedures were not performed in the current year (Year 2) in accordance with LLA guidelines.*

- v. Amount of time it took to resolve each complaint.

*Procedures were not performed in the current year (Year 2) in accordance with LLA guidelines.*

A response and corrective action plan for the exceptions noted in Schedule A are set forth below.

Management will review the exceptions noted above and determine the cost benefit analysis of correcting the identified exceptions.

To the Management of the  
Housing Authority of the City of Kenner, Louisiana  
Kenner, Louisiana

We have audited the basic financial statements of the Housing Authority of the City of Kenner, Louisiana (the "Housing Authority") for the year ended June 30, 2025, and have issued our report thereon dated December 29, 2025. As part of our audit, we gained an understanding of internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. Under these standards, the purposes of such evaluation are to establish a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control.

The objective of internal control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of the financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

No matter how good a system is, there are inherent limitations that should be recognized in considering the potential effectiveness of internal accounting. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personnel factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management either with respect to the execution and recording of transactions or with respect to the estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of internal accounting control to future periods is subject to the risk that the degree of compliance with the procedures may deteriorate. We say this simply to suggest that any system needs to be constantly reviewed and improved where necessary.

During the course of our audit, we became aware of several matters that are opportunities for strengthening internal controls or operating efficiency. Our comments and suggestions regarding these matters are set forth below. This letter does not affect our reports dated December 29, 2025, on the basic financial statements of the Housing Authority or its internal control over financial reporting.

## ML 2025-001 Timely Reconciliation of Housing Authority Bank Accounts

### Condition:

During our audit, we noted that monthly bank reconciliations for the three Public Housing bank accounts were not performed on a timely basis during the year ended June 30, 2025. These reconciliations were completed on October 17, 2025. Failure to perform timely bank reconciliations increases the risk of undetected errors, misstatements, or fraudulent activity. Delays in reconciliation can impair management's ability to monitor cash balances and ensure accurate financial reporting.

### Recommendation:

We recommend that management implement procedures to ensure bank reconciliations for the public housing accounts are prepared and reviewed on a monthly basis.

### Management's Response:

*The lack of timely reconciliations was a miscommunication with accounting personnel on responsibilities over these accounts due to the transition away from public housing. Management will ensure these accounts will be reconciled monthly. All items were reviewed by management.*

This information is intended solely for the use of the Board of Commissioner and management of the Housing Authority and should not be used for any other purpose.

Sincerely,



Tiffani M. Dorsa, CPA, Partner  
EisnerAmper LLP  
Baton Rouge, Louisiana  
December 29, 2025

