

**Housing Authority of the  
City of Kenner, Louisiana**

**FINANCIAL STATEMENTS**

**June 30, 2019**



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**Housing Authority of the City of Kenner, Louisiana**  
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**June 30, 2019**

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**Report**





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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 Financial Statements**

We have audited the accompanying financial statements of the business-type activities of the Housing Authority of the City of Kenner, Louisiana (the "Housing Authority"), as of and for the year ended June 30, 2019, and the related notes to financial statements, which collectively comprise the Housing Authority's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Housing Authority's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and

the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Housing Authority, as of June 30, 2019, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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.

### *Other 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 Schedule of Compensation, Benefits and Other Payments to the Executive Director and Financial Data Schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Schedule of Compensation, Benefits and Other Payments to the Executive Director, Financial Data Schedule, and Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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, Financial Data Schedule, and 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 5, 2019, 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 solely to 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.

*Carly Riggs & Ingram, L.L.C.*

Metairie, Louisiana  
December 5, 2019



# **Management's Discussion and Analysis**

**Housing Authority of the City of Kenner, Louisiana**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2019**

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, 2019. 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**

- The Housing Authority's net position decreased \$158 thousand during 2019, and was approximately \$4.9 million and \$4.7 million for 2018 and 2019, respectively.
- Revenues increased \$0.2 million during 2019, and were \$10.4 million and \$10.6 million for 2018 and 2019, respectively.
- The total expenses of all Authority programs decreased \$0.5 million. Total expenses were \$11.3 million and \$10.8 million for 2018 and 2019 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.

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.

**Housing Authority of the City of Kenner, Louisiana**  
**Management’s Discussion and Analysis**  
**For the year ended June 30, 2019**

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 many 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 Authority’s properties.

**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 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.

**AUTHORITY – WIDE STATEMENTS**

**Condensed Statement of Net Position**

The following table reflects the Condensed Statement of Net Position compared to the prior year. The Authority is engaged only in Business – Type Activities.

**CONDENSED STATEMENT OF NET POSITON**

	2019	2018	Variance
Assets:			
Current and Restricted Assets	\$ 1,046,168	\$ 1,036,278	\$ 9,890
Capital Assets	3,882,761	4,127,307	(244,546)
<b>Total Assets</b>	<b>\$ 4,928,929</b>	<b>\$ 5,163,585</b>	<b>\$ (234,656)</b>

**Housing Authority of the City of Kenner, Louisiana**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2019**

**CONDENSED STATEMENT OF NET POSITON (Continued)**

Liabilities:			
Current Liabilities	\$ 162,352	\$ 200,439	\$ (38,087)
Non-Current Liabilities	63,555	101,470	(37,915)
<b>Total Liabilities</b>	<b>\$ 225,907</b>	<b>\$ 301,909</b>	<b>\$ (76,002)</b>
Net Position:			
Net Investment in Capital Assets	\$ 3,882,761	\$ 4,127,307	\$ (244,546)
Restricted	175,348	177,575	(227)
Unrestricted	644,913	556,794	88,119
<b>Total Net Position</b>	<b>\$ 4,703,022</b>	<b>\$ 4,861,676</b>	<b>\$ (158,654)</b>

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

	2019	2018	Variance
Revenue:			
Tenant Rental Revenue	\$ 301,636	\$ 377,192	\$ (75,556)
Operating Grants	10,279,669	9,770,002	509,667
Capital Grants	6,205	45,046	(38,841)
Other Revenue	38,355	270,077	(231,261)
<b>Total Revenue</b>	<b>\$ 10,625,865</b>	<b>\$ 10,462,317</b>	<b>\$ 163,548</b>
Expenses:			
Housing Assistance and Portability Payments	\$ 9,185,529	\$ 9,146,210	39,319
Administrative	710,460	1,114,967	(393,040)
General Expense	371,406	295,087	76,319
Depreciation	217,737	260,486	(52,337)
Maintenance and Operations	217,114	374,191	(183,037)
Utilities	81,696	98,110	(16,414)
Loss on Disposal of Assets	577	56,166	(55,589)
<b>Total Expenses</b>	<b>\$ 10,784,519</b>	<b>\$ 11,345,217</b>	<b>\$ (560,698)</b>
<b>Excess (Deficiency) Revenue Over Expense</b>	<b>\$ (158,654)</b>	<b>\$ (882,900)</b>	<b>\$ 724,246</b>

**Housing Authority of the City of Kenner, Louisiana  
Management's Discussion and Analysis  
For the year ended June 30, 2019**

**CAPITAL ASSETS AT YEAR-END**

	2019	2018	Variance	%Change
Land	\$ 2,486,488	\$ 2,486,488	-	-
Buildings and Improvements	9,554,602	9,457,679	96,923	1%
Furniture and Equipment	104,535	163,304	(58,769)	(36%)
Construction in Progress	-	92,243	(92,244)	(100%)
Accumulated Depreciation	(8,262,864)	(8,072,407)	(190,457)	2%
<b>Capital Assets, Net</b>	<b>\$ 3,882,761</b>	<b>\$ 4,127,307</b>	<b>(244,547)</b>	<b>(6%)</b>

**CHANGE IN CAPITAL ASSETS**

The following reconciliation summarizes the change in Capital Assets.

<b>Beginning Balance, July 1, 2018</b>	<b>\$ 4,127,307</b>
Additions:	
Buildings & Improvements	6,205
Dispositions	33,015
Depreciation Expense	(217,737)
<b>Ending Balance, June 30, 2019</b>	<b>\$ 3,882,761</b>

## **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

## **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, 2019. The individual to be contacted regarding this report is Mr. Barry Bordelon, Executive Director, Housing Authority of the City of Kenner, at 1003 31<sup>st</sup> Street, Kenner, Louisiana 70065.



# Financial Statements

**HOUSING AUTHORITY OF THE CITY OF KENNER**  
**STATEMENT OF NET POSITION**

June 30,

2019

<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 599,743
Restricted cash and cash equivalents	175,348
Accounts receivable, net	139,990
Prepaid items	128,203
Other assets	2,884
Total Current Assets	1,046,168
<b>NON-CURRENT ASSETS</b>	
Capital assets, net	3,882,761
Total Non-Current Assets	3,882,761
Total Assets	4,928,929
<b>TOTAL ASSETS</b>	<b>\$ 4,928,929</b>
<b>LIABILITIES AND NET POSITION</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable	\$ 44,873
Accrued wages and payroll taxes	22,839
Accrued compensated absences	20,471
Legal settlement	28,401
Tenant security deposits	40,139
Unearned revenues	1,071
Other liabilities	4,558
Total Current Liabilities	162,352
<b>NON-CURRENT LIABILITIES</b>	
Accrued compensated absences	28,263
Legal settlement	35,292
Total Non-Current Liabilities	63,555
Total Liabilities	225,907
<b>NET POSITION</b>	
Net investment in capital assets	3,882,761
Restricted	175,348
Unrestricted	644,913
Total Net Position	4,703,022
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 4,928,929</b>

*The accompanying notes are an integral part of these financial statements.*

**HOUSING AUTHORITY OF THE CITY OF KENNER  
STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION**

*For the Year Ended June 30,*

**2019**

<b>OPERATING REVENUES</b>	
Dwelling rent	\$ 301,636
Operating grants	10,279,669
Other revenue	38,355
<b>Total Operating Revenues</b>	<b>10,619,660</b>
<b>OPERATING EXPENSES</b>	
Housing assistance and portability payments	9,185,529
Administrative	710,460
General expenses	371,406
Depreciation	217,737
Maintenance and operations	217,114
Utilities	81,696
<b>Total Operating Expenses</b>	<b>10,783,942</b>
<b>OPERATING LOSS</b>	<b>(164,282)</b>
<b>NON-OPERATING REVENUE (EXPENSES)</b>	
Capital grants	6,205
Loss on disposal of assets	(577)
<b>Total Non-Operating Revenue, net</b>	<b>5,628</b>
<b>CHANGE IN NET POSITION</b>	<b>(158,654)</b>
<b>NET POSITION, BEGINNING OF YEAR</b>	<b>4,861,676</b>
<b>NET POSITION, END OF YEAR</b>	<b>\$ 4,703,022</b>

*The accompanying notes are an integral part of these financial statements.*

**HOUSING AUTHORITY OF THE CITY OF KENNER**  
**STATEMENT OF CASH FLOWS**

*For the Year Ended June 30,* **2019**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Dwelling rent receipts	\$	249,453
Operating grants		10,279,669
Other receipts		38,355
Payments to vendors		(1,177,326)
Payments to employees		(291,753)
Housing assistance payments		(9,189,740)
<b>Net Cash Used By Operating Activities</b>		<b>(91,342)</b>

<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital grants received		6,205
Purchases of capital assets		26,809
Loss on disposal of capital assets		(577)
<b>Net Cash Provided By Capital and Related Financing Activities</b>		<b>32,437</b>

**NET DECREASE IN CASH AND CASH EQUIVALENTS** **(58,905)**

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR **833,996**

**CASH AND CASH EQUIVALENTS, END OF YEAR** **\$ 775,091**

<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Operating loss	\$	(164,282)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation		217,737
Changes in assets and liabilities:		
Accounts receivable, net		(51,935)
Prepaid items and other assets		(16,860)
Accounts payable		(25,164)
Accrued wages and payroll taxes		(8,570)
Accrued compensated absences		6,520
Tenant security deposits		(4,211)
Unearned revenues		(248)
Other liabilities		(44,329)
<b>Net Cash Used By Operating Activities</b>	<b>\$</b>	<b>(91,342)</b>

<b>RECONCILIATION TO STATEMENT OF NET POSITION</b>		
Cash and cash equivalents for statement of cash flows include:		
Cash and cash equivalents	\$	599,743
Restricted cash and cash equivalents		175,348
<b>Total cash and cash equivalents</b>	<b>\$</b>	<b>775,091</b>

*The accompanying notes are an integral part of these financial statements.*

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. REPORTING ENTITY**

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 complete 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. There are no component units.

**B. 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 the enterprise fund, in accordance with GASB Statement 34 paragraph 138 and GASB Statement 63.

The Housing Authority has multiple programs which are accounted for in one proprietary enterprise fund.

Governmental Accounting Standards – The Housing Authority has applied all applicable GASB pronouncements as well as applicable pronouncements issued by the Financial Accounting Standards Board.

**C. 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.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

**D. 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.

**E. ACCOUNTS RECEIVABLE**

Receivables are reported at the amount considered by management to be collectible and consist of amounts due from HUD, tenants, and former tenants.

**F. BAD DEBTS**

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.

**G. PREPAID EXPENSES**

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

**H. 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. Depreciation on assets has been expensed in the Statement of Revenues, Expenses, and Changes in Net Position. Estimated useful lives are as follows:

Buildings and Improvements	15 - 33 years
Furniture and Equipment	3 - 7 years

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. TENANTS' REFUNDABLE SECURITY DEPOSITS**

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

**J. UNEARNED REVENUE**

The Housing Authority recognizes revenues as earned. Funds received before the Housing Authority is eligible to apply them are recorded as a liability under unearned revenue and consist of tenant prepaid rents.

**K. 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.

These financial statements do not contain material inter-program revenues and expenses for internal activity. The policy is to eliminate any material inter-program revenues and expenses for these financial statements.

**M. COST ALLOCATION PLAN**

The Housing Authority utilizes a Cost Allocation Plan. 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.

**N. COMPENSATED ABSENCES**

The Housing Authority follows Louisiana Civil Service regulations for accumulated annual leave, compensatory time, and sick leave. Employees may accumulate up to three hundred hours (300) of annual leave and three hundred sixty hours (360) of compensatory time which may be received upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by the employee's retirement or termination date.

**O. 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.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**P. 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 and accident insurance. The Housing Authority has not had any significant reductions in insurance coverage or any claims not reimbursed.

**Q. 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.

**R. FUTURE ACCOUNTING AND REPORTING PRONOUNCEMENTS**

The Governmental Accounting Standards Board has issued several pronouncements that have effective dates that may impact future presentations. The Housing Authority is currently evaluating the potential impacts of the following GASB statements on its accounting practices and financial statements:

- GASB Statement No. 87, *Leases*.
- GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*.

**NOTE 2: DEPOSITS AND INVESTMENTS**

*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.

*Interest Rate Risk* – The Housing Authority's formal investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from interest rate volatility.

HUD requires housing authorities to invest excess funds in obligations of the United States, certificates of deposit or any other federally-insured investments.

The Housing Authority's cash and cash equivalents consist of cash held in interest bearing checking accounts, with varying rates, totaling \$775,091.

**Housing Authority of the City of Kenner, Louisiana**  
**Notes to Financial Statements**

**NOTE 2: DEPOSITS AND INVESTMENTS (Continued)**

Deposits with financial institutions are secured as follows:

Deposit balances (bank balances) at June 30, 2019, are secured as follows:

Total bank balance	\$	775,091
<hr/>		
Insured	\$	550,952
Collateralized by pledging bank in Housing Authority's name		224,139
<b>Total insured and collateralized balance</b>	<b>\$</b>	<b>775,091</b>

As of June 30, 2019, 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.

**NOTE 3: RESTRICTED ASSETS**

The Housing Authority's restricted assets consisted of \$135,209 of cash held for housing payments in future periods and \$40,139 of security deposits received and held on behalf of tenants.

**NOTE 4: ACCOUNT RECEIVABLE**

The following is a summary of receivables, net of allowance for doubtful accounts, at June 30, 2019:

	Receivable	Allowance for Doubtful Accounts	Net Receivable
Grants Receivable due from HUD	\$ 160,458	\$ (28,650)	\$ 131,808
Tenant Rent Receivables	23,695	(21,186)	2,509
Tenant Fraud Recovery	6,308	(4,944)	1,364
Miscellaneous receivables	4,309	-	4,309
<b>Total Account Receivables, Net</b>	<b>\$ 194,770</b>	<b>\$ (54,780)</b>	<b>\$ 139,990</b>

**Housing Authority of the City of Kenner, Louisiana**  
**Notes to Financial Statements**

**NOTE 5: CAPITAL ASSETS**

Summaries of capital assets as of June 30, 2019, and activity for the fiscal year then ended are as follows:

	<b>July 1, 2018</b>				<b>June 30, 2019</b>
	<b>Balance</b>	<b>Additions</b>	<b>Transfers</b>	<b>Deletions</b>	<b>Balance</b>
Land	\$ 2,486,488	\$ -	\$ -	\$ -	\$ 2,486,488
Construction in progress	92,244		(92,244)	-	-
Total assets not being depreciated	2,578,732	-	(92,244)	-	2,486,488
Buildings and improvements	9,457,679	6,205	92,243	(1,525)	9,554,602
Furniture and equipment	163,304	-	1	(58,770)	104,535
Total capital assets	12,199,714	6,205	-	(57,245)	12,148,675
Less: Accumulated depreciation	(8,072,407)	(217,737)	-	27,280	(8,262,864)
<b>Total Capital assets, net</b>	<b>\$ 4,127,307</b>	<b>\$ (211,532)</b>	<b>\$ -</b>	<b>\$ (33,015)</b>	<b>\$ 3,882,761</b>

**NOTE 6: ACCOUNTS PAYABLE**

Accounts payable at June 30, 2019, consisted of trade payables in the amount of \$44,873 for the Housing Authority.

**NOTE 7: LONG-TERM LIABILITIES**

Long-term liability activity for the year ended June 30, 2019, was as follows:

	<b>Balance at</b>			<b>Balance at</b>	<b>Current</b>
	<b>July 1, 2018</b>	<b>Increase</b>	<b>Decrease</b>	<b>June 30, 2019</b>	<b>Portion</b>
Accrued Compensated Absences	\$ 42,214	\$ 6,520	\$ -	\$ 48,734	\$ 20,471
Legal Settlement	112,580	-	31,092	63,693	28,401
<b>Long-Term Liabilities</b>	<b>\$ 101,470</b>	<b>\$ 6,520</b>	<b>\$ 48,887</b>	<b>\$ 112,427</b>	<b>\$ 48,872</b>

**NOTE 8: COMPENSATED ABSENCES**

At June 30, 2019, employees of the Housing Authority had accumulated and vested \$48,734 of 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.

**NOTE 9: LEGAL SETTLEMENT**

Other current and non-current liabilities of estimated outlays due to a former employee under a lawsuit settlement in the amount of \$63,693, \$28,401 of which is current.

**NOTE 10: 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. 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 2019, the Housing Authority made the required contributions in the amount of \$22,723.

**NOTE 11: COMMITMENTS AND CONTINGENCIES**

The Housing Authority participates in a number of 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 amount of disallowances, if any, which may arise from future audits will not be material.

The Housing Authority leases copiers under operating lease agreements that call for monthly payments of \$676. The future lease payments under these non-cancelable agreements as of June 30, 2019 is \$24,336 for the year ending 2020.

**NOTE 12: ECONOMIC DEPENDENCY**

The Department of Housing and Urban Development provided \$10,285,874 to the Housing Authority, including the federal capital contributions, which represents approximately 97% of the Housing Authority's total revenue for the year ended June 30, 2019.

**NOTE 13: SUBSEQUENT EVENTS**

The Housing Authority has evaluated subsequent events through December 5, 2019, the date which financial statements were available to be issued. As of June 24, 2019, HUD has approved the conversion of assistance of 137 units to Project Based Rental Voucher assistance. As this is the Housing Authority's sole remaining public housing project, the Housing Authority must work with the local Public and Indian Housing ("PIH") Field Office to address the requirements for public housing closeout or transfer.



..... **Supplementary** .....  
**Information**

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 6/30/2019

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$ 366,131	\$ 233,612	\$ 599,743	\$ -	\$ 599,743
112 Cash - Restricted - Modernization and Development	-	-	-	-	-
113 Cash - Other Restricted	-	135,209	135,209	-	135,209
114 Cash - Tenant Security Deposits	40,139	-	40,139	-	40,139
115 Cash - Restricted for Payment of Current Liabilities	-	-	-	-	-
100 Total Cash	406,270	368,821	775,091	-	775,091
121 Accounts Receivable - PHA Projects	-	-	-	-	-
122 Accounts Receivable - HUD Other Projects	114,493	17,315	131,808	-	131,808
124 Accounts Receivable - Other Government	-	-	-	-	-
125 Accounts Receivable - Miscellaneous	28,650	-	28,650	-	28,650
126 Accounts Receivable - Tenants	25,221	-	25,221	-	25,221
126.1 Allowance for Doubtful Accounts - Tenants	(21,186)	-	(21,186)	-	(21,186)
126.2 Allowance for Doubtful Accounts - Other	(28,650)	-	(28,650)	-	(28,650)
127 Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-
128 Fraud Recovery	2,783	6,308	9,091	-	9,091
128.1 Allowance for Doubtful Accounts - Fraud	-	(4,944)	(4,944)	-	(4,944)
129 Accrued Interest Receivable	-	-	-	-	-
120 Total Receivables, Net of Allowances for Doubtful Accounts	121,311	18,679	139,990	-	139,990
131 Investments - Unrestricted	-	-	-	-	-
132 Investments - Restricted	-	-	-	-	-
135 Investments - Restricted for Payment of Current Liability	-	-	-	-	-
142 Prepaid Expenses and Other Assets	116,818	11,385	128,203	-	128,203
143 Inventories	2,884	-	2,884	-	2,884
143.1 Allowance for Obsolete Inventories	-	-	-	-	-
144 Inter Program Due From	-	33,280	33,280	(33,280)	-
145 Assets Held for Sale	-	-	-	-	-
150 Total Current Assets	647,283	432,165	1,079,448	(33,280)	1,046,168
161 Land	2,475,572	10,916	2,486,488	-	2,486,488
162 Buildings	9,407,412	147,190	9,554,602	-	9,554,602
163 Furniture, Equipment & Machinery - Dwellings	-	-	-	-	-
164 Furniture, Equipment & Machinery - Administration	104,535	-	104,535	-	104,535
165 Leasehold Improvements	-	-	-	-	-
166 Accumulated Depreciation	(8,156,903)	(105,961)	(8,262,864)	-	(8,262,864)
167 Construction in Progress	-	-	-	-	-
168 Infrastructure	-	-	-	-	-
160 Total Capital Assets, Net of Accumulated Depreciation	3,830,616	52,145	3,882,761	-	3,882,761
171 Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	-
172 Notes, Loans, & Mortgages Receivable - Non Current - Past	-	-	-	-	-
173 Grants Receivable - Non Current	-	-	-	-	-
174 Other Assets	-	-	-	-	-
176 Investments in Joint Ventures	-	-	-	-	-
180 Total Non-Current Assets	3,830,616	52,145	3,882,761	-	3,882,761
200 Deferred Outflow of Resources	-	-	-	-	-
290 Total Assets and Deferred Outflow of Resources	4,477,899	484,310	4,962,209	(33,280)	4,928,929

Housing Authority of the City of Kenner (LA012)  
KENNER, LA  
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 6/30/2019

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
311 Bank Overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
312 Accounts Payable <= 90 Days	28,356	2,291	30,647	-	30,647
313 Accounts Payable >90 Days Past Due	-	-	-	-	-
321 Accrued Wage/Payroll Taxes Payable	8,326	14,513	22,839	-	22,839
322 Accrued Compensated Absences - Current Portion	6,605	13,866	20,471	-	20,471
324 Accrued Contingency Liability	-	-	-	-	-
325 Accrued Interest Payable	-	-	-	-	-
331 Accounts Payable - HUD PHA Programs	-	-	-	-	-
332 Account Payable - PHA Projects	-	14,226	14,226	-	14,226
333 Accounts Payable - Other Government	-	-	-	-	-
341 Tenant Security Deposits	40,139	-	40,139	-	40,139
342 Unearned Revenue	1,071	-	1,071	-	1,071
343 Current Portion of Long-term Debt - Capital	-	-	-	-	-
344 Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-
345 Other Current Liabilities	28,401	-	28,401	-	28,401
346 Accrued Liabilities - Other	4,558	-	4,558	-	4,558
347 Inter Program - Due To	33,280	-	33,280	(33,280)	-
348 Loan Liability - Current	-	-	-	-	-
310 Total Current Liabilities	150,736	44,896	195,632	(33,280)	162,352
351 Long-term Debt, Net of Current - Capital Projects/Mortgage	-	-	-	-	-
352 Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-	-
353 Non-current Liabilities - Other	35,292	-	35,292	-	35,292
354 Accrued Compensated Absences - Non Current	5,675	22,588	28,263	-	28,263
355 Loan Liability - Non Current	-	-	-	-	-
356 FASB 5 Liabilities	-	-	-	-	-
357 Accrued Pension and OPEB Liabilities	-	-	-	-	-
350 Total Non-Current Liabilities	40,967	22,588	63,555	-	63,555
300 Total Liabilities	191,703	67,484	259,187	(33,280)	225,907
400 Deferred Inflow of Resources	-	-	-	-	-
508.4 Net Investment in Capital Assets	3,830,616	52,145	3,882,761	-	3,882,761
511.4 Restricted Net Position	-	175,348	175,348	-	175,348
512.4 Unrestricted Net Position	455,580	189,333	644,913	-	644,913
513 Total Equity - Net Assets / Position	4,286,196	416,826	4,703,022	-	4,703,022
600 Total Liabilities, Deferred Inflows of Resources and Equity -	4,477,899	484,310	4,962,209	(33,280)	4,928,929
70300 Net Tenant Rental Revenue	288,215	-	288,215	-	288,215
70400 Tenant Revenue - Other	13,421	-	13,421	-	13,421
70500 Total Tenant Revenue	301,636	-	301,636	-	301,636
70600 HUD PHA Operating Grants	431,030	9,848,639	10,279,669	-	10,279,669
70610 Capital Grants	6,205	-	6,205	-	6,205
70710 Management Fee	-	-	-	-	-
70720 Asset Management Fee	-	-	-	-	-
70730 Book Keeping Fee	-	-	-	-	-
70740 Front Line Service Fee	-	-	-	-	-
70750 Other Fees	-	-	-	-	-
70700 Total Fee Revenue	-	-	-	-	-

See Independent Auditors' Report

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 6/30/2019

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
70800 Other Government Grants	\$ -	\$ -	\$ -	\$ -	\$ -
71100 Investment Income - Unrestricted	233	108	341	-	341
71200 Mortgage Interest Income	-	-	-	-	-
71300 Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-
71310 Cost of Sale of Assets	-	-	-	-	-
71400 Fraud Recovery	-	2,622	2,622	-	2,622
71500 Other Revenue	1,513	33,879	35,392	-	35,392
71600 Gain or Loss on Sale of Capital Assets	(250)	(327)	(577)	-	(577)
72000 Investment Income - Restricted	-	-	-	-	-
70000 Total Revenue	740,367	9,884,921	10,625,288	-	10,625,288
91100 Administrative Salaries	32,380	186,773	219,153	-	219,153
91200 Auditing Fees	10,479	7,862	18,341	-	18,341
91300 Management Fee	-	-	-	-	-
91310 Book-keeping Fee	-	-	-	-	-
91400 Advertising and Marketing	88	66	154	-	154
91500 Employee Benefit contributions - Administrative	713	69,742	70,455	-	88,250
91600 Office Expenses	35,147	53,078	88,225	-	88,225
91700 Legal Expense	7,430	5,586	13,016	-	13,016
91800 Travel	95	-	95	-	95
91810 Allocated Overhead	70,539	190,717	261,256	-	261,256
91900 Other	25,686	14,079	39,765	-	39,765
91000 Total Operating - Administrative	182,557	527,903	710,460	-	710,460
92000 Asset Management Fee	-	-	-	-	-
92100 Tenant Services - Salaries	-	-	-	-	-
92200 Relocation Costs	-	-	-	-	-
92300 Employee Benefit Contributions - Tenant Services	-	-	-	-	-
92400 Tenant Services - Other	-	-	-	-	-
92500 Total Tenant Services	-	-	-	-	-
93100 Water	21,230	-	21,230	-	21,230
93200 Electricity	19,663	-	19,663	-	19,663
93300 Gas	17,200	-	17,200	-	17,200
93400 Fuel	-	-	-	-	-
93500 Labor	-	-	-	-	-
93600 Sewer	23,603	-	23,603	-	23,603
93700 Employee Benefit Contributions - Utilities	-	-	-	-	-
93800 Other Utilities Expense	-	-	-	-	-
93000 Total Utilities	81,696	-	81,696	-	81,696
94100 Ordinary Maintenance and Operations - Labor	127,087	-	127,087	-	127,087
94200 Ordinary Maintenance and Operations - Materials and	9,858	-	9,858	-	9,858
94300 Ordinary Maintenance and Operations Contracts	54,209	-	54,209	-	54,209
94500 Employee Benefit Contributions - Ordinary Maintenance	25,960	-	25,960	-	25,960
94000 Total Maintenance	217,114	-	217,114	-	217,114
95100 Protective Services - Labor	-	-	-	-	-
95200 Protective Services - Other Contract Costs	-	-	-	-	-
95300 Protective Services - Other	-	-	-	-	-
95500 Employee Benefit Contributions - Protective Services	-	-	-	-	-
95000 Total Protective Services	-	-	-	-	-

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 6/30/2019

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
96110 Property Insurance	\$ 71,416	\$ -	\$ 71,416	\$ -	\$ 71,416
96120 Liability Insurance	11,253	-	11,253	-	11,253
96130 Workmen's Compensation	9,956	6,135	16,091	-	16,091
96140 All Other Insurance	61,211	5,439	66,650	-	66,650
96100 Total Insurance Premiums	153,836	11,574	165,410	-	165,410
96200 Other General Expenses	-	143,081	143,081	-	143,081
96210 Compensated Absences	12,793	30,394	43,187	-	43,187
96300 Payments in Lieu of Taxes	-	-	-	-	-
96400 Bad debt - Tenant Rents	14,542	-	14,542	-	14,542
96500 Bad debt - Mortgages	-	-	-	-	-
96600 Bad debt - Other	-	5,186	5,186	-	5,186
96800 Severance Expense	-	-	-	-	-
96000 Total Other General Expenses	27,335	178,661	205,996	-	205,996
96710 Interest of Mortgage (or Bonds) Payable	-	-	-	-	-
96720 Interest on Notes Payable (Short and Long Term)	-	-	-	-	-
96730 Amortization of Bond Issue Costs	-	-	-	-	-
96700 Total Interest Expense and Amortization Cost	-	-	-	-	-
96900 Total Operating Expenses	662,538	718,138	1,380,676	-	1,380,676
97000 Excess of Operating Revenue over Operating Expenses	77,829	9,166,783	9,244,612	-	9,244,612
97100 Extraordinary Maintenance	-	-	-	-	-
97200 Casualty Losses - Non-capitalized	-	-	-	-	-
97300 Housing Assistance Payments	-	9,154,479	9,154,479	-	9,154,479
97350 HAP Portability-In	-	31,050	31,050	-	31,050
97400 Depreciation Expense	207,924	9,813	217,737	-	217,737
97500 Fraud Losses	-	-	-	-	-
97600 Capital Outlays - Governmental Funds	-	-	-	-	-
97700 Debt Principal Payment - Governmental Funds	-	-	-	-	-
97800 Dwelling Units Rent Expense	-	-	-	-	-
90000 Total Expenses	870,462	9,913,480	10,783,942	-	10,783,942
10010 Operating Transfer In	62,338	-	62,338	(62,338)	-
10020 Operating transfer Out	(62,338)	-	(62,338)	62,338	-
10030 Operating Transfers from/to Primary Government	-	-	-	-	-
10040 Operating Transfers from/to Component Unit	-	-	-	-	-
10050 Proceeds from Notes, Loans and Bonds	-	-	-	-	-
10060 Proceeds from Property Sales	-	-	-	-	-
10070 Extraordinary Items, Net Gain/Loss	-	-	-	-	-
10080 Special Items (Net Gain/Loss)	-	-	-	-	-
10091 Inter Project Excess Cash Transfer In	-	-	-	-	-
10092 Inter Project Excess Cash Transfer Out	-	-	-	-	-
10093 Transfers between Program and Project - In	-	-	-	-	-
10094 Transfers between Project and Program - Out	-	-	-	-	-
10100 Total Other financing Sources (Uses)	-	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	\$ (130,095)	\$ (28,559)	\$ (158,654)		\$ (158,654)

Housing Authority of the City of Kenner (LA012)  
KENNER, LA  
**Entity Wide Balance Sheet Summary**

Submission Type: Audited/Single Audit

Fiscal Year End: 6/30/2019

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
11020 Required Annual Debt Principal Payments	\$ -	\$ -	\$ -	\$ -	\$ -
11030 Beginning Equity	4,416,290	445,386	4,861,676	-	4,861,676
11040 Prior Period Adjustments, Equity Transfers and Correction	-	-	-	-	-
11050 Changes in Compensated Absence Balance	-	-	-	-	-
11060 Changes in Contingent Liability Balance	-	-	-	-	-
11070 Changes in Unrecognized Pension Transition Liability	-	-	-	-	-
11080 Changes in Special Term/Severance Benefits Liability	-	-	-	-	-
11090 Changes in Allowance for Doubtful Accounts - Dwelling	-	-	-	-	-
11100 Changes in Allowance for Doubtful Accounts - Other	-	-	-	-	-
11170 Administrative Fee Equity	-	281,616	281,616	-	281,616
11180 Housing Assistance Payments Equity	-	135,209	135,209	-	135,209
11190 Unit Months Available	1,632	15,912	17,544	-	17,544
11210 Number of Unit Months Leased	1,236	13,838	15,074	-	15,074
11270 Excess Cash	320,123	-	320,123	-	320,123
11610 Land Purchases	-	-	-	-	-
11620 Building Purchases	6,205	-	6,205	-	6,205
11630 Furniture & Equipment - Dwelling Purchases	-	-	-	-	-
11640 Furniture & Equipment - Administrative Purchases	-	-	-	-	-
11650 Leasehold Improvements Purchases	-	-	-	-	-
11660 Infrastructure Purchases	-	-	-	-	-
13510 CFFP Debt Service Payments	-	-	-	-	-
13901 Replacement Housing Factor Funds	\$ -	-	\$ -	\$ -	\$ -

**HOUSING AUTHORITY OF THE CITY OF KENNER  
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER  
PAYMENTS TO THE EXECUTIVE DIRECTOR**

*For the Year Ended June 30, 2019*

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**Agency Head Name:** Barry Bordelon, Executive Director

---

<b>Purpose</b>	<b>Amount</b>
Salary	\$ 110,000
Benefits - Insurance	7,563
Benefits - Retirement	6,000
Car allowance	7,200
<b>Total</b>	<b>\$ 130,763</b>

*See accompanying independent auditors' report .*



**Reports Required By  
*Government Auditing  
Standards***

**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  
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, 2019, 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 5, 2019.

**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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **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 determination of financial statement amounts. 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.

### **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.

*Carly Riggs & Ingram, L.L.C.*

Metairie, Louisiana  
December 5, 2019



Carr, Riggs & Ingram, LLC  
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## **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  
Kenner, Louisiana

### **Report on Compliance for Each 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 *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, 2019. The Housing Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the Housing Authority's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Housing Authority's compliance.

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

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 each of its major federal programs for the year ended June 30, 2019.

### **Report on Internal Control Over Compliance**

Management of the Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control over compliance.

*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 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

*Case, Riggs & Ingram, L.L.C.*

Metairie, Louisiana  
December 5, 2019

**HOUSING AUTHORITY OF THE CITY OF KENNER  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2019**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR NAME/ PROGRAM OR CLUSTER TITLE	CFDA NUMBER	PASS-THROUGH TO SUBRECIPIENTS	EXPENDITURES
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct Programs:			
Public and Indian Housing	14.850	\$ -	\$ 368,692
Housing Voucher Cluster Section 8 Housing Choice Vouchers	14.871	-	9,848,639
Public Housing Capital Fund (CFP)	14.872	-	68,543
Total U.S. Department of Housing and Urban Development - Direct Programs			- 10,285,874
Total Expenditures of Federal Awards		\$ -	\$ 10,285,874

*See accompanying notes to 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, 2019**

**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, 2019.

**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, 2019.

**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, 2019.

**NOTE 6: INDIRECT COST RATE**

The Housing Authority did not elect to use the 10 percent (10%) de minimis indirect cost rate.

**Housing Authority of the City of Kenner, Louisiana  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019**

**A. SUMMARY OF AUDITORS' RESULTS**

*Financial Statements*

- |  |            |
|--|------------|
| 1. Type of auditors' report issued   | Unmodified |
| 2. Internal control over financial reporting:                                    |            |
| a. Material weaknesses identified?   | No         |
| 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?  | No         |
| 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)? | No         |

4. Identification of the major programs:

Name of Federal Awards (or Cluster)	CFDA No.
Housing Voucher Cluster	
Section 8 Housing Choice Voucher Program	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  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019**

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

There were no findings related to the financial statements for the year ended June 30, 2019.

**C. FINDINGS RELATED TO COMPLIANCE AND OTHER MATTERS**

There were no findings related to compliance and other matters for the year ended June 30, 2019.

**D. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS**

There were no findings or questioned costs related to the major federal award programs for the year ended June 30, 2019.

**Housing Authority of the City of Kenner, Louisiana**  
**Summary Schedule of Prior Audit Findings**  
**For the Year Ended June 30, 2018**

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

There were no findings related to the financial statements for the year ended June 30, 2018.

**F. 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, 2018.

**G. PRIOR AUDIT FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS**

**Finding 2018-001 – Housing Quality Standards Inspections**

**Section 8 Housing Choice Voucher Program – CFDA No. 14.871, Grant Period: Fiscal Year Ended June 30, 2018**

**Criteria**

The Housing Choice Voucher Program Guidebook, Chapter 10 provides the Housing Quality Standards (“HQS”) requirements for the Section 8 Housing Choice Voucher Program, including the requirements of the PHA to conduct HQS inspections at least annually and to verify the sufficiency of required repairs by way of reinspection within 30 days of the initial inspection.

**Condition, Cause and Questioned Costs (Material Weakness, Non-Compliance)**

During audit fieldwork, auditors reviewed forty (40) Section 8 Housing Choice Voucher Program tenant files. Of the forty (40) files sampled, it was noted that one (1) of the applicable units lacked evidence that an HQS inspection was performed. Six (6) units within the remaining thirty-nine (39) sampled failed the initial inspection, and none of the six (6) were re-inspected within thirty (30) days of the initial inspection. There were no questioned costs associated with this Finding.

**Status**

Resolved



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

To the Members of  
Housing Authority of the City of Kenner  
Kenner, Louisiana  
And the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Members of the Housing Authority of the City of Kenner (the "Housing Authority") and the Louisiana Legislative Auditor ("LLA") on the control and compliance ("C/C") areas identified in the LLA's Statewide Agreed-Upon Procedures ("SAUPs") for the fiscal period July 1, 2018 through June 30, 2019. The Housing Authority is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated results are as follows:

### ***Written Policies and Procedures***

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1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
  - a) ***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.

**Results: No exceptions were found as a result of applying the procedure.**

## ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

---

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

**Results: No exceptions were found as a result of applying the procedure.**

3. Using the listing prepared by management, randomly selected 5 cards that were used during the fiscal period. Randomly selected one monthly statement or combined statement for each card, obtained supporting documentation, and:
  - a) Observed that there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

**Results: No exceptions were found as a result of applying the procedure.**

- b) Observed that finance charges and late fees were not assessed on the selected statements.

**Results: Of the 5 cards observed, 2 were noted to have total finance charges of \$94.91 and total late fees of \$53.58.**

4. Using the monthly statements or combined statements selected under #3 above, excluding fuel cards, randomly selected 10 transactions from each statement, and obtained supporting documentation for the transactions. For each transaction, observed 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).

**Results: No exceptions were found as a result of applying the procedure.**

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. 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.

The purpose of this report is solely to describe the scope of procedures performed on those C/C areas identified in the SAUPs, and the result of the procedures performed, 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.

*Cary Riggs & Ingram, L.L.C.*

December 5, 2019