

HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA

FINANCIAL STATEMENTS

JUNE 30, 2022

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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 business-type activity of the Housing Authority of the City of Kenner, Louisiana (the "Housing Authority"), as of and for the year ended June 30, 2022 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 respective financial position of the business-type activity, of the Housing Authority, as of June 30, 2022, 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.

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 Auditor's 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 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.

In preparing the twelve 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 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 auditor's 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

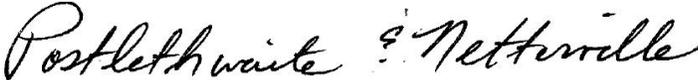
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4–8 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, 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 financial data schedules, 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 financial data schedules, the schedule of compensation, benefits and other payments to the executive director, and the schedule of expenditures of federal awards is 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 30, 2022, 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.



Baton Rouge, Louisiana
December 30, 2022

HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

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, 2022. 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

- In August 2021, Hurricane Ida left residents and properties of the Housing Authority with widespread damage. A majority of the roofs of the Housing Authority's properties sustained wind damage and the 58 units at Glenwood had structural damage and is expected to be demolished. Twenty-two offsite units had interior damage and temporary repairs are ongoing. During the year ended June 30, 2022, the Housing Authority received approximately \$3.2 million in insurance proceeds related to the hurricane damage. As of June 30, 2022, remediation of asbestos in some of the offsite units and roof repairs of approximately \$1.6 million have been made on the damaged units. The associated revenues and expenses related to the hurricane damage are considered non-operating while the expenditures related to asbestos removal are deemed a special item and are separately presented in these financial statements.
- The Housing Authority's net position increased by \$1,266,331 during 2022 and was approximately \$5.8 million and \$4.6 million for 2022 and 2021, respectively.
- Operating revenues decreased by approximately \$2.0 million during 2022 and were approximately \$8.4 million and \$10.4 million for 2022 and 2021, respectively.
- Operating expenses of all Housing Authority programs decreased by approximately \$1.8 million. Total expenses were approximately \$8.7 million and \$10.6 million for 2022 and 2021, 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, 2022

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 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.

HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

AUTHORITY-WIDE STATEMENTS

Condensed Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position

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

CONDENSED STATEMENT OF NET POSITION

	<u>2022</u>	<u>2021</u>	<u>Variance</u>
Assets:			
Current and Restricted Assets	\$ 2,513,113	\$ 1,189,817	\$ 1,323,296
Capital Assets	<u>3,892,729</u>	<u>3,648,278</u>	<u>244,451</u>
Total Assets	<u>\$ 6,405,842</u>	<u>\$ 4,838,095</u>	<u>\$ 1,567,747</u>
Liabilities:			
Current Liabilities	\$ 543,352	\$ 254,604	\$ 288,748
Non-Current Liabilities	<u>16,567</u>	<u>3,899</u>	<u>12,668</u>
Total Liabilities	<u>\$ 559,919</u>	<u>\$ 258,503</u>	<u>\$ 301,416</u>
Net Position:			
Net Investment in Capital Assets	\$ 3,892,729	\$ 3,648,278	\$ 244,451
Restricted	208,375	363,966	(155,591)
Unrestricted	<u>1,744,819</u>	<u>567,348</u>	<u>1,177,471</u>
Total Net Position	<u>\$ 5,845,923</u>	<u>\$ 4,579,592</u>	<u>\$ 1,266,331</u>

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	<u>2022</u>	<u>2021</u>	<u>Variance</u>
Operating Revenue:			
Tenant Rental Revenue	\$ 188,913	\$ 246,189	\$ (57,276)
Operating Grants	7,734,695	10,028,847	(2,294,152)
Other Revenue	<u>443,260</u>	<u>77,926</u>	<u>365,334</u>
Total Revenue	<u>\$ 8,366,868</u>	<u>\$ 10,352,962</u>	<u>\$ (1,986,094)</u>
Operating Expenses:			
Housing Assistance and Portability Payments	\$ 6,721,777	\$ 8,571,907	\$ (1,850,130)
Administrative	1,034,122	1,030,013	4,109
General Expense	437,115	413,873	23,242
Depreciation	186,910	190,745	(3,835)
Maintenance and Operations	295,541	294,007	1,534
Utilities	<u>66,486</u>	<u>87,196</u>	<u>(20,710)</u>
Total Expenses	<u>\$ 8,741,951</u>	<u>\$ 10,587,741</u>	<u>\$ (1,845,790)</u>

HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (continued)

Non- Operating Revenue and Expenses:			
Insurance Proceeds	\$ 3,191,816	\$ -	\$ 3,191,816
Remediation and Repair Costs	<u>(203,633)</u>	<u>-</u>	<u>(203,633)</u>
Total Excess Non-Operating Revenue over Expenses	\$ 2,988,183	\$ -	\$ 2,988,183
Special Item – Remediation costs	\$ 1,346,769	\$ -	\$ 1,346,769
Change in net position	<u>\$ 1,266,331</u>	<u>\$ (234,779)</u>	<u>\$ 1,501,110</u>

In August 2021, Hurricane Ida devastated parts of southeast Louisiana including the City of Kenner and surrounding areas. Winds approaching Category 3 strength, left residents and properties with widespread damage. A majority of the roofs of the Housing Authority's properties sustained wind damage and the 58 units at Glenwood had structural damage and is expected to be demolished. Twenty-two offsite units had interior damage and temporary repairs are ongoing. Residents in these housing units were transitioned to temporary housing resulting in the decline in housing assistance payments. In addition to the above, the Covid-19 pandemic has continued to impact occupancy of housing units resulting in a continued decline in HAP assistance revenue. As a result, housing assistance payments also declined.

During the year ended June 30, 2022, the Housing Authority received approximately \$3.2 million in insurance proceeds related to hurricane damage which is being utilized to make repairs to housing units. As of June 30, 2022, remediation of asbestos in some of the offsite units and roof repairs of approximately \$1.6 million have been made on the damaged units.

CAPITAL ASSETS AT YEAR-END

	<u>2022</u>	<u>2021</u>
Land	\$ 2,486,488	\$ 2,486,488
Buildings and Improvements	10,004,128	9,582,224
Furniture and Equipment	59,026	81,647
Construction in Progress	100,000	100,000
Accumulated Depreciation	<u>(8,756,913)</u>	<u>(8,602,081)</u>
Capital Assets, Net	<u>\$ 3,892,729</u>	<u>\$ 3,648,278</u>

HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

CHANGES IN CAPITAL ASSETS

The following reconciliation summarizes the changes in Capital Assets.

Beginning Balance, July 1, 2021	\$ 3,648,278
Additions:	
Roof replacement and HVAC units	431,361
Depreciation Expense	<u>(186,910)</u>
Ending Balance, June 30, 2022	<u>\$ 3,892,729</u>

Capitalized assets acquired during the fiscal year were a direct result of the Hurricane Ida damage. There was no impairment to the net book value of the Housing Authority's assets as the assets damaged were fully depreciated due to the age of the units.

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, 2022. 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, 2022

	<u>2022</u>
<u>CURRENT ASSETS</u>	
Cash and cash equivalents	\$ 2,094,375
Restricted cash	237,685
Receivables, net	24,255
Prepaid expenses	156,798
Total current assets	<u>2,513,113</u>
<u>NON-CURRENT ASSETS</u>	
Property and equipment, net	<u>3,892,729</u>
Total noncurrent assets	<u>3,892,729</u>
Total assets	<u><u>\$ 6,405,842</u></u>
<u>CURRENT LIABILITIES</u>	
Accounts payable	\$ 351,162
Accrued wages and payroll taxes	12,397
Accrued compensated absences	12,476
Tenant security deposits	20,731
Unearned revenues	141,480
Other liabilities	5,106
Total current liabilities	<u>543,352</u>
<u>NONCURRENT LIABILITIES</u>	
Accrued compensated absences	<u>16,567</u>
Total noncurrent liabilities	<u>16,567</u>
Total liabilities	<u>559,919</u>
<u>NET POSITION</u>	
Net investment in capital assets	3,892,729
Restricted	208,375
Unrestricted	<u>1,744,819</u>
Total net position	<u><u>\$ 5,845,923</u></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, 2022

	<u>2022</u>
Operating Revenues	
Dwelling rent	\$ 188,913
Operating grants	7,734,695
Other revenue	443,260
	<hr/>
Total operating revenues	8,366,868
	<hr/>
Operating Expenses	
Housing assistance and portability payments	6,721,777
Administrative	1,034,122
General expenses	437,115
Depreciation	186,910
Maintenance and operations	295,541
Utilities	66,486
	<hr/>
Total operating expenses	8,741,951
	<hr/>
Operating income (loss)	(375,083)
Non-operating Revenues and Expenses	
Other expenses - Hurrican Ida debris removal and supplies	(203,633)
Other income - insurance proceeds	3,191,816
	<hr/>
Total non-operating revenue	2,988,183
	<hr/>
Special Item - Remediation Costs	(1,346,769)
Change in net position	1,266,331
<u>NET POSITION AT BEGINNING OF YEAR</u>	<hr/> 4,579,592
<u>NET POSITION AT END OF YEAR</u>	<hr/> <hr/> \$ 5,845,923

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, 2022

	<u>2022</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
Dwelling rent receipts	\$ 266,044
Operating grants	7,734,695
Other receipts	427,992
Payments to vendors	(813,972)
Payments to employees	(1,037,746)
Housing assistance payments	(6,721,781)
	<u>(144,768)</u>
Net cash used in operating activities	
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>	
Acquisition of capital assets	(136,213)
Proceeds from insurance	3,191,816
Remediation costs associated with Hurricane Ida	(1,550,402)
	<u>1,505,201</u>
Net cash provided by capital and related financing activities	
Net increase in cash and cash equivalents	1,360,433
Cash and cash equivalents, beginning of year	971,627
Cash and cash equivalents, end of year	<u>\$ 2,332,060</u>
<u>RECONCILIATION OF OPERATING INCOME TO</u>	
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	
Operating loss	\$ (375,083)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities	
Depreciation	186,909
Changes in assets and liabilities	
Accounts receivable, net	77,565
Prepaid expenses and other assets	(40,428)
Accounts payable	31,152
Accrued wages and payroll taxes	(13,688)
Accrued compensated absences	10,064
Tenant security deposits	(15,268)
Unearned revenues	(434)
Other liabilities	(5,557)
	<u>(144,768)</u>
Net cash used in operating activities	<u>\$ (144,768)</u>
<u>RECONCILIATION TO STATEMENT OF FINANCIAL POSITION</u>	
Cash and cash equivalents	\$ 2,094,375
Restricted cash	237,685
	<u>2,332,060</u>
Total cash and cash equivalents and restricted cash	<u>\$ 2,332,060</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 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.

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 Codification.

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

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.

HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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.

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. 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 - 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 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.

HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

COMPENSATED ABSENCES

At June 30, 2022, 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 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. When an employee retires or is terminated they are paid for up to thirty days of sick leave and thirty days of vacation leave.

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.

HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CURRENT YEAR ADOPTION OF NEW ACCOUNTING STANDARD

The Housing Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. Under this Statement, lease contracts, as defined, are financings of the right to use an underlying asset. A lessor is required to recognize a lease receivable and a deferred inflow of resources, and a lessee recognizes a lease liability and intangible right-to-use asset, thereby enhancing the relevance and consistency of information about governments' leasing activities. Lease receivables as well as lease liabilities are measured at the present value of lease payments over the term of each respective contract. Options to renew the lease are included in the lease term if reasonably certain to be exercised. There are no effects of this adoption since all leases are short term which are excluded by GASB 87 recognition.

FUTURE ACCOUNTING AND REPORTING PRONOUNCEMENTS

The following accounting standard by the Governmental Accounting Standards Board (GASB) is scheduled to be implemented in the future that may affect the Housing Authority's financial report:

GASB Statement 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This statement is intended to improve financial reporting in relation to these types of arrangements. The requirements of this statement are effective for periods beginning after June 15, 2022. The Housing Authority will include the requirements of this statement, as applicable, in its June 30, 2023 financial statements. The effect of this statement or its applicability to the Housing Authority is unknown at this time.

2. 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 consist of cash held in interest bearing checking accounts, with varying rates, totaling \$2,414,964 at June 30, 2022.

Deposit balances (bank balances) at June 30, 2022, are secured as follows:

FDIC Insured	\$ 250,000
Collateralized by pledging bank in Housing Authority's name	<u>2,164,964</u>
Total insured and collateralized balance	<u>\$ 2,414,964</u>

HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

2. DEPOSITS (continued)

As of June 30, 2022, 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.

3. RESTRICTED ASSETS

The Housing Authority's restricted assets totaling \$237,685 consisted of \$198,783 of cash held for housing payments in future periods and \$38,902 of security deposits received and held on behalf of tenants.

4. ACCOUNTS RECEIVABLE

The following is a summary of accounts receivable, net of allowance for doubtful accounts at June 30, 2022:

	<u>Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Receivable</u>
Miscellaneous receivables	\$ 30,841	\$ (30,658)	\$ 183
Portability receivables	15,406	(1,029)	14,377
Tenant rent receivables	27,887	(24,775)	3,112
Tenant repayment agreement	6,092	(5,117)	975
Tenant fraud recovery	36,890	(36,890)	-
Landlords receivables	<u>24,496</u>	<u>(18,888)</u>	<u>5,608</u>
Total Accounts receivable, net	<u>\$ 141,612</u>	<u>\$ (117,357)</u>	<u>\$ 24,255</u>

5. CAPITAL ASSETS

Summaries of capital assets as of June 30, 2022, and activity for the fiscal year then ended are as follows:

	<u>July 1, 2021 Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2022 Balance</u>
Land	\$ 2,486,488	\$ -	\$ -	\$ 2,486,488
Construction in progress	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Total assets not being depreciated	2,586,488	-	-	2,586,488
Buildings and improvements	9,582,224	431,361	(9,455)	10,004,130
Furniture and equipment	<u>81,647</u>	<u>-</u>	<u>(22,621)</u>	<u>59,026</u>
Total capital assets	12,250,359	431,361	(32,076)	12,649,644
Less: Accumulated depreciation	<u>(8,602,081)</u>	<u>(186,910)</u>	<u>32,076</u>	<u>(8,756,915)</u>
Total Capital Assets, net	<u>\$ 3,648,278</u>	<u>\$ 244,451</u>	<u>\$ -</u>	<u>\$ 3,892,729</u>

HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

6. ACCOUNTS PAYABLE

Accounts payable on June 30, 2022, consisted of trade payables in the amount of \$351,162 for the Housing Authority.

7. LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2022, was as follows:

	<u>Balance at</u> <u>July 1, 2021</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at</u> <u>June 30, 2022</u>	<u>Current</u> <u>Portion</u>
Accrued Compensated Absences	\$ 18,979	\$ 10,064	\$ -	\$ 29,043	\$ 12,476

8. INSURANCE CLAIM PROCEEDS AND CONSIDERATION OF IMPAIRMENT

In August 2021, Hurricane Ida devastated parts of southeast Louisiana including the City of Kenner and surrounding areas. Winds approaching Category 3 strength, left residents and properties with widespread damage. A majority of the roofs of the Housing Authority's properties sustained wind damage and the 58 units at Glenwood had structural damage and is expected to be demolished. Twenty-two off site units had interior damage and repairs are ongoing. During the year ended June 30, 2022, the Housing Authority received approximately \$3.2 million which is included in non-operating income on the statement of revenues, expenses, and changes in net position. As a result of damage from the hurricane, Kenner Housing was made aware of the need of asbestos remediation of its twenty-two offsite units. Management considers this event to be unusual in nature but not infrequent in occurrence as defined in Section 2200 of the GASB Codification. The asbestos mitigation and roof damage is evidence of physical damage providing for indication of impairment to the Housing Authority's assets. However, given the age of the units impacted there was no net book value remaining and therefore no impairment was deemed necessary. As of June 30, 2022, remediation of asbestos and roof repairs of approximately \$1.6 million have been made on the damaged units. The costs associated with asbestos remediation was deemed a special item.

9. 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 2022, the Housing Authority made the required contributions in the amount of \$33,736.

HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

10. 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 amount of disallowances, if any, which may arise from future audits will not be material.

11. ECONOMIC DEPENDENCY

The Department of Housing and Urban Development provided \$7,734,695 to the Housing Authority which represents approximately 92% of the Housing Authority's total revenue for the year.

12. SUBSEQUENT EVENTS

In June 2022, the State Bond Commission approved Louisiana Housing Authority's (LHA) issuance of \$24 million for the demolition and reconstruction of the Glenwood property on behalf of the Housing Authority. The Housing Authority has not executed any agreements with the LHA as of the date of this report.

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

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2022

	Project Total	14.871 Housing Choice Vouchers	14.PHC Public Housing CARES Act Funding	14.HCC HCV CARES Act Funding	Subtotal	Total
111 Cash - Unrestricted	\$1,704,389	\$389,986			\$2,094,375	\$2,094,375
112 Cash - Restricted - Modernization and Development						
113 Cash - Other Restricted		\$198,783			\$198,783	\$198,783
114 Cash - Tenant Security Deposits	\$38,902				\$38,902	\$38,902
115 Cash - Restricted for Payment of Current Liabilities						
100 Total Cash	\$1,743,291	\$588,769	\$0	\$0	\$2,332,060	\$2,332,060
121 Accounts Receivable - PHA Projects		\$14,377			\$14,377	\$14,377
122 Accounts Receivable - HUD Other Projects						
124 Accounts Receivable - Other Government						
125 Accounts Receivable - Miscellaneous	\$30,841	\$24,496			\$55,337	\$55,337
126 Accounts Receivable - Tenants	\$33,979				\$33,979	\$33,979
126.1 Allowance for Doubtful Accounts - Tenants	-\$29,892	\$0			-\$29,892	-\$29,892
126.2 Allowance for Doubtful Accounts - Other	-\$30,658	-\$18,888			-\$49,546	-\$49,546
127 Notes, Loans, & Mortgages Receivable - Current						
128 Fraud Recovery		\$36,890			\$36,890	\$36,890
128.1 Allowance for Doubtful Accounts - Fraud		-\$36,890			-\$36,890	-\$36,890
129 Accrued Interest Receivable						
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$4,270	\$19,985	\$0	\$0	\$24,255	\$24,255
131 Investments - Unrestricted						
132 Investments - Restricted						
135 Investments - Restricted for Payment of Current Liability						
142 Prepaid Expenses and Other Assets	\$153,862	\$2,936			\$156,798	\$156,798
143 Inventories						
143.1 Allowance for Obsolete Inventories						
144 Inter Program Due From		\$39,897			\$39,897	\$39,897
145 Assets Held for Sale						
150 Total Current Assets	\$1,901,423	\$651,587	\$0	\$0	\$2,553,010	\$2,553,010
161 Land	\$2,475,572	\$10,916			\$2,486,488	\$2,486,488
162 Buildings	\$9,907,933	\$115,111			\$10,023,044	\$10,023,044
163 Furniture, Equipment & Machinery - Dwellings						
164 Furniture, Equipment & Machinery - Administration	\$40,110				\$40,110	\$40,110

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

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2022

	Project Total	14.871 Housing Choice Vouchers	14.PHC Public Housing CARES Act Funding	14.HCC HCV CARES Act Funding	Subtotal	Total
165 Leasehold Improvements						
166 Accumulated Depreciation	-\$8,665,642	-\$91,271			-\$8,756,913	-\$8,756,913
167 Construction in Progress	\$100,000				\$100,000	\$100,000
168 Infrastructure						
160 Total Capital Assets, Net of Accumulated Depreciation	\$3,857,973	\$34,756	\$0	\$0	\$3,892,729	\$3,892,729
171 Notes, Loans and Mortgages Receivable - Non-Current						
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due						
173 Grants Receivable - Non Current						
174 Other Assets						
176 Investments in Joint Ventures						
180 Total Non-Current Assets	\$3,857,973	\$34,756	\$0	\$0	\$3,892,729	\$3,892,729
200 Deferred Outflow of Resources						
290 Total Assets and Deferred Outflow of Resources	\$5,759,396	\$686,343	\$0	\$0	\$6,445,739	\$6,445,739
311 Bank Overdraft						
312 Accounts Payable <= 90 Days	\$298,763	\$52,401			\$351,164	\$351,164
313 Accounts Payable >90 Days Past Due						
321 Accrued Wage/Payroll Taxes Payable	\$11,546	\$851			\$12,397	\$12,397
322 Accrued Compensated Absences - Current Portion	\$10,332	\$2,144			\$12,476	\$12,476
324 Accrued Contingency Liability						
325 Accrued Interest Payable						
331 Accounts Payable - HUD PHA Programs						
332 Account Payable - PHA Projects						
333 Accounts Payable - Other Government						
341 Tenant Security Deposits	\$20,731				\$20,731	\$20,731
342 Unearned Revenue		\$141,480			\$141,480	\$141,480
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue						
344 Current Portion of Long-term Debt - Operating Borrowings						
345 Other Current Liabilities	\$5,106				\$5,106	\$5,106
346 Accrued Liabilities - Other						
347 Inter Program - Due To	\$39,897				\$39,897	\$39,897

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

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2022

	Project Total	14.871 Housing Choice Vouchers	14.PHC Public Housing CARES Act Funding	14.HCC HCV CARES Act Funding	Subtotal	Total
348 Loan Liability - Current						
310 Total Current Liabilities	\$386,375	\$196,876	\$0	\$0	\$583,251	\$583,251
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue						
352 Long-term Debt, Net of Current - Operating Borrowings						
353 Non-current Liabilities - Other						
354 Accrued Compensated Absences - Non Current	\$15,729	\$838			\$16,567	\$16,567
355 Loan Liability - Non Current						
356 FASB 5 Liabilities						
357 Accrued Pension and OPEB Liabilities						
350 Total Non-Current Liabilities	\$15,729	\$838	\$0	\$0	\$16,567	\$16,567
300 Total Liabilities	\$402,104	\$197,714	\$0	\$0	\$599,818	\$599,818
400 Deferred Inflow of Resources						
508.4 Net Investment in Capital Assets	\$3,857,973	\$34,756			\$3,892,729	\$3,892,729
511.4 Restricted Net Position		\$208,375			\$208,375	\$208,375
512.4 Unrestricted Net Position	\$1,499,319	\$245,498	\$0	\$0	\$1,744,817	\$1,744,817
513 Total Equity - Net Assets / Position	\$5,357,292	\$488,629	\$0	\$0	\$5,845,921	\$5,845,921
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$5,759,396	\$686,343	\$0	\$0	\$6,445,739	\$6,445,739

Housing Authority of the City of Kenner (LA012)
KENNER, LA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2022

	Project Total	14.871 Housing Choice Vouchers	14.PHC Public Housing CARES Act Funding	14.HCC HCV CARES Act Funding	Subtotal	Total
70300 Net Tenant Rental Revenue	\$181,130				\$181,130	\$181,130
70400 Tenant Revenue - Other	\$7,783				\$7,783	\$7,783
70500 Total Tenant Revenue	\$188,913	\$0	\$0	\$0	\$188,913	\$188,913
70600 HUD PHA Operating Grants	\$421,190	\$7,205,456	\$6,947	\$101,102	\$7,734,695	\$7,734,695
70610 Capital Grants	\$0				\$0	\$0
70710 Management Fee						
70720 Asset Management Fee						
70730 Book Keeping Fee						
70740 Front Line Service Fee						
70750 Other Fees						
70700 Total Fee Revenue						
70800 Other Government Grants						
71100 Investment Income - Unrestricted	\$112	\$214			\$326	\$326
71200 Mortgage Interest Income						
71300 Proceeds from Disposition of Assets Held for Sale						
71310 Cost of Sale of Assets						
71400 Fraud Recovery						
71500 Other Revenue	\$404,382	\$38,552			\$442,934	\$442,934
71600 Gain or Loss on Sale of Capital Assets						
72000 Investment Income - Restricted						
70000 Total Revenue	\$1,014,597	\$7,244,222	\$6,947	\$101,102	\$8,366,868	\$8,366,868
91100 Administrative Salaries	\$186,450	\$36,024			\$222,474	\$222,474
91200 Auditing Fees	\$36,750				\$36,750	\$36,750
91300 Management Fee		\$481,740		\$101,102	\$582,842	\$582,842
91310 Book-keeping Fee	\$21,387	\$1,369			\$22,756	\$22,756
91400 Advertising and Marketing	\$291				\$291	\$291
91500 Employee Benefit contributions - Administrative	\$49,862	\$24,108			\$73,970	\$73,970
91600 Office Expenses	\$25,288	\$44,602	\$2,325		\$72,215	\$72,215
91700 Legal Expense	\$1,778	\$4,590			\$6,368	\$6,368
91800 Travel	\$5,559	\$1,663			\$7,222	\$7,222
91810 Allocated Overhead		\$2,081			\$2,081	\$2,081
91900 Other	\$5,067	\$2,089			\$7,156	\$7,156
91000 Total Operating - Administrative	\$332,432	\$598,266	\$2,325	\$101,102	\$1,034,125	\$1,034,125
92000 Asset Management Fee						

Housing Authority of the City of Kenner (LA012)
KENNER, LA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2022

	Project Total	14.871 Housing Choice Vouchers	14.PHC Public Housing CARES Act Funding	14.HCC HCV CARES Act Funding	Subtotal	Total
92100 Tenant Services - Salaries						
92200 Relocation Costs						
92300 Employee Benefit Contributions - Tenant Services		\$2,717			\$2,717	\$2,717
92400 Tenant Services - Other						
92500 Total Tenant Services	\$0	\$2,717	\$0	\$0	\$2,717	\$2,717
93100 Water	\$16,130				\$16,130	\$16,130
93200 Electricity	\$24,650	\$62			\$24,712	\$24,712
93300 Gas	\$4,007	\$36			\$4,043	\$4,043
93400 Fuel						
93500 Labor						
93600 Sewer	\$21,598				\$21,598	\$21,598
93700 Employee Benefit Contributions - Utilities						
93800 Other Utilities Expense						
93000 Total Utilities	\$66,385	\$98	\$0	\$0	\$66,483	\$66,483
94100 Ordinary Maintenance and Operations - Labor	\$148,559				\$148,559	\$148,559
94200 Ordinary Maintenance and Operations - Materials and Other	\$11,159		\$4,622		\$15,781	\$15,781
94300 Ordinary Maintenance and Operations Contracts	\$61,145				\$61,145	\$61,145
94500 Employee Benefit Contributions - Ordinary Maintenance	\$70,056				\$70,056	\$70,056
94000 Total Maintenance	\$290,919	\$0	\$4,622	\$0	\$295,541	\$295,541
95100 Protective Services - Labor						
95200 Protective Services - Other Contract Costs						
95300 Protective Services - Other						
95500 Employee Benefit Contributions - Protective Services						
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$120,621				\$120,621	\$120,621
96120 Liability Insurance	\$8,744	\$3,402			\$12,146	\$12,146
96130 Workmen's Compensation	\$11,471	\$3,758			\$15,229	\$15,229
96140 All Other Insurance	\$79,451				\$79,451	\$79,451
96100 Total Insurance Premiums	\$220,287	\$7,160	\$0	\$0	\$227,447	\$227,447
96200 Other General Expenses	\$727	\$87,224			\$87,951	\$87,951
96210 Compensated Absences	\$30,184	\$4,627			\$34,811	\$34,811
96300 Payments in Lieu of Taxes						
96400 Bad debt - Tenant Rents	\$7,566				\$7,566	\$7,566

Housing Authority of the City of Kenner (LA012)
KENNER, LA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2022

	Project Total	14.871 Housing Choice Vouchers	14.PHC Public Housing CARES Act Funding	14.HCC HCV CARES Act Funding	Subtotal	Total
96500 Bad debt - Mortgages						
96600 Bad debt - Other		\$76,623			\$76,623	\$76,623
96800 Severance Expense						
96900 Total Other General Expenses	\$38,477	\$168,474	\$0	\$0	\$206,951	\$206,951
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	\$0	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$948,500	\$776,715	\$6,947	\$101,102	\$1,833,264	\$1,833,264
97000 Excess of Operating Revenue over Operating Expenses	\$66,097	\$6,467,507	\$0	\$0	\$6,533,604	\$6,533,604
97100 Extraordinary Maintenance						
97200 Casualty Losses - Non-capitalized	\$1,550,402				\$1,550,402	\$1,550,402
97300 Housing Assistance Payments		\$6,721,779			\$6,721,779	\$6,721,779
97350 HAP Portability-In						
97400 Depreciation Expense	\$182,402	\$4,508			\$186,910	\$186,910
97500 Fraud Losses						
97600 Capital Outlays - Governmental Funds						
97700 Debt Principal Payment - Governmental Funds						
97800 Dwelling Units Rent Expense						
90000 Total Expenses	\$2,681,304	\$7,503,002	\$6,947	\$101,102	\$10,292,355	\$10,292,355
10010 Operating Transfer In						
10020 Operating transfer Out						
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)	\$3,191,816				\$3,191,816	\$3,191,816
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)	\$3,191,816	\$0	\$0	\$0	\$3,191,816	\$3,191,816

Housing Authority of the City of Kenner (LA012)
KENNER, LA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2022

	Project Total	14.871 Housing Choice Vouchers	14.PHC Public Housing CARES Act Funding	14.HCC HCV CARES Act Funding	Subtotal	Total
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$1,525,109	-\$258,780	\$0	\$0	\$1,266,329	\$1,266,329
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$3,808,083	\$848,511	\$24,100	-\$101,102	\$4,579,592	\$4,579,592
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$24,100	-\$101,102	-\$24,100	\$101,102	\$0	\$0
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 Rents						
11100 Changes in Allowance for Doubtful Accounts - Other						
11170 Administrative Fee Equity		\$280,254			\$280,254	\$280,254
11180 Housing Assistance Payments Equity		\$208,375			\$208,375	\$208,375
11190 Unit Months Available	0	15912			15912	15912
11210 Number of Unit Months Leased	0	9795			9795	9795
11270 Excess Cash	\$1,282,145				\$1,282,145	\$1,282,145
11610 Land Purchases	\$0				\$0	\$0
11620 Building Purchases	\$0				\$0	\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0				\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$0				\$0	\$0
11650 Leasehold Improvements Purchases	\$0				\$0	\$0
11660 Infrastructure Purchases	\$0				\$0	\$0
13510 CFFP Debt Service Payments	\$0				\$0	\$0
13901 Replacement Housing Factor Funds	\$0				\$0	\$0

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, 2022**

<u>PURPOSE</u>	<u>AMOUNT</u>
Salary	\$ 128,647
Benefits - Insurance	12,168
Benefits - Retirement	9,403
Car allowance	7,200
Phone allowance	1,200
Total	<u>\$ 158,618</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 business-type activity of the Housing Authority of the City of Kenner, Louisiana (the "Housing Authority"), as of and for the year ended June 30, 2022, 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 30, 2022.

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. 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.

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*.



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.

Postlethwaite & Netterville

Baton Rouge, Louisiana

December 30, 2022

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE 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 the Major Federal Program

Opinion on the 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, 2022. 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, 2022.

Basis for Opinion on the 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 Auditor's 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 the 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 its federal programs.

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 the 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.

Report on 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 Auditor's 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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.

Postlethwaite & Netterville
Baton Rouge, Louisiana
December 30, 2022

**HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-Through or Grantor/Program or Cluster Title	Assistance Listing	Federal Expenditures	Amounts Provided to Sub-recipients
U.S. Department of Housing and Urban Development			
Public and Indian Housing	14.850	\$ 421,190	\$ -
COVID-19 CARES - Public and Indian Housing	14.850	6,947	-
		<u>428,137</u>	<u>-</u>
Housing Voucher Cluster			
Section 8 Housing Choice Vouchers	14.871	7,205,456	-
COVID-19 CARES - Section 8 Housing Choice Vouchers	14.871	101,102	-
Total Housing Voucher Cluster		<u>7,306,558</u>	<u>-</u>
 Total U.S. Department of Housing and Urban Development		<u>7,734,695</u>	<u>-</u>
 Total Expenditures of Federal Awards		<u>\$ 7,734,695</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, 2022

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, 2022.

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, 2022.

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, 2022.

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 SUMMARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2022

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 | |
| 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) | 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? | No |

HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA SUMMARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2022

B. FINDINGS RELATED TO THE FINANCIAL STATEMENTS

There were no findings related to the financial statements for the year ended June 30, 2022.

C. FINDINGS RELATED TO COMPLIANCE AND OTHER MATTERS

There were no findings related to compliance and other matters for the year ended June 30, 2022.

D. 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, 2022.

HOUSING AUTHORITY OF THE CITY OF KENNER, LOUISIANA SUMMARY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2022

E. PRIOR AUDIT FINDINGS RELATED TO THE FINANCIAL STATEMENTS

There were no findings related to the financial statements for the year ended June 30, 2021.

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, 2021.

G. 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, 2021.

KENNER HOUSING AUTHORITY
KENNER, LOUISIANA

STATEWIDE AGREED-UPON PROCEDURES

FOR THE YEAR ENDED JUNE 30, 2022

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Schedule A: Agreed-Upon Procedures Performed and Associated Findings	2 – 14
Schedule B: Management's Response and Corrective Action Plan	15

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To Barry Bordelon, Executive Director and Board of Commissioners
and the 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) for the fiscal period July 1, 2021, through June 30, 2022. The Housing Authority of the City of Kenner, Louisiana (the entity) management is responsible for those C/C areas identified in the SAUPs.

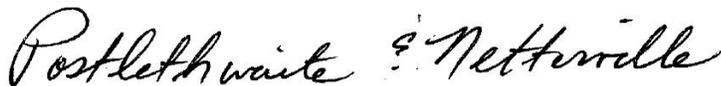
The entity has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2021, through June 30, 2022. Additionally, LLA has 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 entity to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, 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.

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

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.



Baton Rouge, Louisiana
December 30, 2022

KENNER HOUSING AUTHORITY
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2022

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 25 “*we performed the procedure and discussed the results with management*”. If not, then a description of the exception ensues.

Written Policies and Procedures

1. 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):
 - a) **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.
 - b) **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 exceptions noted.
 - c) **Disbursements**, including processing, reviewing, and approving.

No exceptions noted.
 - d) **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 exceptions noted.
 - e) **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(s) rate of pay or approval and maintenance of pay rate schedules.

No exceptions noted.
 - f) **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 the following attributes for items (2) standard terms and conditions or (3) a legal review.
 - g) **Credit Cards (and debit cards, fuel cards, P-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 exceptions noted.

KENNER HOUSING AUTHORITY
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2022

Schedule A

Written Policies and Procedures (continued)

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

No exceptions noted.

- i) ***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 the attribute for item (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.

- j) ***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 services.

- k) ***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.

The entity has a written policy covering information technology disaster recovery; however, the policy does not contain the following attributes for items (3) periodic testing/verification that backups can be restored or (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

- l) ***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 the following attributes for items (2) annual employee training or (3) annual reporting.

Board or Finance Committee

2. 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:
- a) Observe that 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 exceptions noted.

KENNER HOUSING AUTHORITY
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2022

Schedule A

Board or Finance Committee (continued)

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit 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.*

The minutes did not make reference to budget to actual comparisons during the fiscal period.

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted 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 unrestricted fund balance in the general fund.

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

Bank Reconciliations

3. Obtain a listing of client 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 selected each account, and observe that:

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

From the listing provided, we selected the operating account and 3 other accounts and obtained the bank reconciliations for the month ending June 30, 2022, resulting in 4 bank reconciliations obtained and subjected to the below procedures.

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

No exceptions noted.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

No exceptions noted.

KENNER HOUSING AUTHORITY
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2022

Schedule A

Bank Reconciliations (continued)

- c) 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.

No exceptions noted.

Collections

4. 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.

5. 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 (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, 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 each deposit site selected in procedure #4 was provided and included a total of 2 collection locations. No exceptions were noted as a result of performing this procedure.

From each of the listings provided, we randomly selected one collection location for each deposit site. 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.

- a) Employees responsible for cash collections do not share cash drawers/registers.

Public housing case workers responsible for cash collections also share the same cash drawer.

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

Public housing case workers are responsible for the collection of cash and preparing and making bank deposits. Accounting personnel are responsible for reconciling the bank account deposit with supporting documentation obtained from the case worker.

KENNER HOUSING AUTHORITY
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2022

Schedule A

Collections (continued)

- c) Each employee responsible for collecting cash is not 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.

No exceptions noted.

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

No exceptions noted.

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

Entity personnel with access to cash are not bonded and/or covered under the entity's insurance policy.

7. Randomly select two deposit dates for each of the 4 bank accounts selected for procedure #3 under "Bank Reconciliations" above (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). *Alternately, 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 8 deposits and:

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

- a) Observe that receipts are sequentially pre-numbered.

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

- d) Observe 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).

For 3 deposits selected we noted the deposit was not made within one business day.

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

No exceptions noted.

**KENNER HOUSING AUTHORITY
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2022**

Schedule A

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. 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 processed payments for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected all (1) locations and performed the procedures below.

9. For each location selected under #8 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, 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 each payment processing location selected in procedure #8 was provided. We noted that the entity has no written policies or procedures that properly segregate duties as described.

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.

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

For each transaction tested the employee involved in initiating a purchase request, approving a purchase, and placing an order/making are the same employee. However, vendor payments are authorized by the Executive Director and approved through his execution of a signed check.

- b) At least two employees are involved in processing and approving payments to vendors.

No exceptions noted.

- c) 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.

We noted that 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.

- d) 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.

No exceptions noted.

KENNER HOUSING AUTHORITY
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2022

Schedule A

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases) (continued)

10. For each location selected under #8 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 each payment processing location selected in procedures #8 was provided related to the reporting period. No exceptions were noted as a result of performing this procedure.

From each of the listings provided, we randomly selected 5 disbursements and performed the procedures below.

- a) Observe whether the disbursement matched the related original itemized invoice, and that supporting documentation indicates deliverables included on the invoice were received by the entity.

No exceptions noted.

- b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

No exceptions noted.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain 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. Obtain management's representation that the listing is complete.

A listing of cards was provided. No exceptions were noted as a result of performing this procedure.

12. 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:

From the listing provided, we randomly selected 5 cards used in the fiscal period. We randomly selected one monthly statement for each of the 5 cards selected and performed the procedures noted below.

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

No exceptions noted.

KENNER HOUSING AUTHORITY
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2022

Schedule A

Credit Cards/Debit Cards/Fuel Cards/P-Cards (continued)

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

No exceptions noted.

13. Using the monthly statements or combined statements selected under #12 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 (i.e., each card should have 10 transactions subject to testing). For each transaction, observe 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 note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

We randomly selected all transactions for 2 of the 5 cards selected in procedures #12 (1 card with no transactions, 2 fuel cards) and performed the specified procedures. No exceptions noted.

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

14. 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, 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:

The listing of travel and travel-related expense reimbursements was provided for the fiscal period. It was noted that there were no travel related expenses incurred.

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

- a) If reimbursed using a per diem, observe the approved reimbursement rate is more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

No exceptions noted.

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

No exceptions noted.

- c) Observe 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 policy (procedure #1h).

No exceptions noted.

KENNER HOUSING AUTHORITY
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2022

Schedule A

Travel and Travel-Related Expense Reimbursements (excluding card transactions) (continued)

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

No exceptions noted.

Contracts

15. 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. *Alternately, 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, we randomly selected 5 contracts and performed the following procedures.

- a) 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.

Of the 5 contracts selected for testing, none were subject to Louisiana Public Bid Law. No exceptions noted.

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

Of the 5 contracts selected for testing, none required governing board approval.

- c) If the contract was amended (e.g., change order), observe 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, was approval documented).

No exceptions noted.

- d) 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 the invoice and related payment agreed to the terms and conditions of the contract.

We randomly selected 1 payment for the 5 contracts selected in procedure #15 and performed the specified procedures. No exceptions noted.

KENNER HOUSING AUTHORITY
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2022

Schedule A

Payroll and Personnel

16. Obtain a listing of employees/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 employed during the fiscal year was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 5 employees and performed the specified procedures. No exceptions noted.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 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 selected in procedure #16.

- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)

No exceptions noted.

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

No exceptions noted.

- c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

No exceptions noted.

- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

No exceptions noted.

18. 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, 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 or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

No exceptions noted.

KENNER HOUSING AUTHORITY
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2022

Schedule A

Payroll and Personnel (continued)

19. 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, etc.) have been paid, and any associated forms have been filed, by required deadlines.

No exceptions noted.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

- a) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

No exceptions noted.

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

No exceptions noted.

Debt Service

21. 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 State Bond Commission approval was obtained for each debt instrument issued.

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

22. 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.

KENNER HOUSING AUTHORITY
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2022

Schedule A

Fraud Notice

23. 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.

Management represented that there were no misappropriations of public funds and assets during the fiscal period.

24. Observe whether 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.

The entity has the notice posted on its premises. However, the notice required by R.S. 24:523.1 is not displayed on its website.

Information Technology Disaster Recovery/Business Continuity

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

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

We performed the procedure and discussed the results with management.

- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, 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.

- c) 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.

KENNER HOUSING AUTHORITY
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2022

Schedule A

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

No exceptions noted.

27. Observe 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).

No exceptions noted.

28. 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 it includes the applicable requirements of R.S. 42:344:

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

No exceptions noted.

- b) Number of sexual harassment complaints received by the agency;

No exceptions noted.

- c) Number of complaints which resulted in a finding that sexual harassment occurred;

No exceptions noted.

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

No exceptions noted.

- e) Amount of time it took to resolve each complaint.

No exceptions noted.

**KENNER HOUSING AUTHORITY
MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN
JUNE 30, 2022**

Schedule B

The Kenner Housing Authority (The Entity) provided a response and corrective action plan for the exceptions noted in Schedule A and are set forth below.

Written Policies & Procedures

Management will review and consider the policy revisions as suggested with its governing board and determine if revisions are deemed necessary.

Board or Finance Committee

Management was not being provided with monthly financial reports from its fee accountant in a timely manner. This has resulted in a change in the fee accountant and ultimately, we expect to provide, at a minimum, on a quarterly basis, to the governing board budget to actual comparisons going forward.

Collections

The amount of cash collected is minimal to the operations of the Housing Authority. However, management will review its current procedures to determine if changes can be made with the limited staffing of the organization.

Non-Payroll Disbursements

Management believes that due to the limit staffing of the organization, the approval by the Executive Director mitigates the risk of misappropriation of assets.
