

HOUSING AUTHORITY OF THE TOWN OF BERWICK

BERWICK, LOUISIANA

FINANCIAL STATEMENTS

DECEMBER 31, 2024



ERICKSEN KRENTEL LLP
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners of
Housing Authority of the Town of Berwick
Berwick, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Housing Authority of the Town of Berwick (the "Authority") as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the 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 activities of the Authority, as of December 31, 2024, 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 Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide*, 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 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 opinions.

Responsibilities of Management for the Financial Statements

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



To the Board of Commissioners of
Housing Authority of the Town of Berwick
April 14, 2025

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

Auditor's 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 opinions. 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 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.



To the Board of Commissioners of
Housing Authority of the Town of Berwick
April 14, 2025

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 5 through 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 opinions on the financial statements that collectively comprise the Authority's basic financial statements. The HUD financial data schedules are presented for the purpose of additional analysis as required by the U.S. Department of Housing and Urban Development and are not a required part of the basic financial statements. The schedule of compensation, benefits, and other payments to agency head is presented for the purpose of additional analysis as required by Louisiana Revised Statute 24:513(A)(3) and is also not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.



ERICKSEN KRENTEL^{LLP}

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Board of Commissioners of
Housing Authority of the Town of Berwick
April 14, 2025

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 HUD financial data schedules and schedule of compensation, benefits, and other payments to agency head, are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 14, 2025, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 of the Town of Berwick's internal control over financial reporting and compliance.

April 14, 2025
New Orleans, Louisiana

Erickson Krentel, LLP
Certified Public Accountants

HOUSING AUTHORITY OF THE TOWN OF BERWICK
BERWICK, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024

Our discussion and analysis of the Housing Authority of the Town of Berwick's (the Authority) financial performance provides an overview of the Authority's financial activities for the fiscal year ended December 31, 2024.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A to provide a more meaningful comparative analysis of the financial data to be presented.

USING THIS ANNUAL FINANCIAL REPORT

The Authority's annual financial report consists of financial statements that report information about the Authority's most significant programs, such as the Authority's Public Housing and Capital Fund Programs.

An outline of the annual financial report's content is as follows:

- I. Independent Auditors' Report
- II. Required Supplementary Information
- III. Basic Financial Statements
- IV. Notes to the Financial Statements
- V. Other Supplemental Information

Our auditor has provided assurance in their independent auditors' report on pages 1 through 4 that the basic financial statements are fairly stated. A user of this report should read the independent auditors' report carefully to ascertain the level of assurance being provided for each of the other parts in the annual financial report.

FINANCIAL HIGHLIGHTS

Total spending for all programs was approximately \$1,423,000 for the year ended December 31, 2024. Total operating revenue was approximately \$1,110,000, of which tenant-related income comprised approximately \$537,000 or 48.4%. Subsidies and grants from the U.S. Department of Housing and Urban Development (HUD) comprised 51.1% of total revenue.

Public Housing Authorities' (PHAs) annual budgets are based on mandated procedures that serve to determine every PHA's total and final funding amount. The funding is based on a calendar year. Operating Fund Subsidy increased from approximately \$438,200 in 2023 to \$573,200 in 2024, a 30% increase from the prior year.

HOUSING AUTHORITY OF THE TOWN OF BERWICK
BERWICK, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2024

FINANCIAL ANALYSIS

The Authority's net position was approximately \$2.619 million at December 31, 2024.

The following analysis focuses on the net position and the change in net position of the Authority as a whole.

Condensed Statement of Net Position

	<u>12/31/24</u>	<u>12/31/23</u>
Current assets	\$ 989,106	\$ 920,367
Capital assets, net	<u>1,768,340</u>	<u>1,748,798</u>
Total assets	<u>2,757,446</u>	<u>2,669,165</u>
Current liabilities	99,242	104,278
Noncurrent liabilities	<u>38,247</u>	<u>33,605</u>
Total liabilities	<u>137,489</u>	<u>137,883</u>
Net position		
Net investment in capital assets	1,768,340	1,748,798
Unrestricted	<u>851,617</u>	<u>782,484</u>
Total net position	<u>\$ 2,619,957</u>	<u>\$ 2,531,282</u>

Current assets increased by approximately \$68,700 or 7.5% from the prior year as a result of operations. Capital assets increased by approximately \$19,500 (1.1%) from the prior year, largely due to current year additions offset by depreciation expense. The aggregation of these factors affecting current assets and capital assets resulted in an increase in total assets of \$88,281(3.3%).

Total liabilities decreased by approximately \$400 (0.3%) during the current year which is primarily due to changes in accounts payable being offset by noncurrent liabilities in 2024.

The increase of \$88,675 in net position is largely due to normal operations.

HOUSING AUTHORITY OF THE TOWN OF BERWICK
BERWICK, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2024

Condensed Statement of Revenues, Expenditures and Changes in Net Position

	<u>12/31/24</u>	<u>12/31/23</u>
Operating revenues:		
Charges for services	\$ 537,025	\$ 494,696
Operating grants	573,227	438,202
Non-operating revenues:		
Capital grants	199,980	328,213
Interest earnings	355	549
Other non-operating receipts	<u>201,539</u>	<u>239,103</u>
Total revenues	<u>1,512,126</u>	<u>1,500,763</u>
Operating expenses		
Administration	423,667	453,609
Utilities	93,627	95,323
Ordinary maintenance and operations	449,851	298,199
General expenses	271,867	240,539
Depreciation	<u>184,439</u>	<u>222,546</u>
Total expenses	<u>1,423,451</u>	<u>1,310,216</u>
Change in net position	<u>\$ 88,675</u>	<u>\$ 190,547</u>
Net position, ending	<u>\$ 2,619,957</u>	<u>\$ 2,531,282</u>

Total revenues increased by approximately \$11,400 or 0.7%, and total expenses increased by approximately \$113,000 or 8.6%. The increase in revenues is primarily attributed to the increase in dwelling rental income and capital grants. The increase in operating expenses is primarily attributed to the increase in maintenance and operations.

The Authority's net position increased by approximately \$88,700. The increase is primarily attributed to normal operations.

HOUSING AUTHORITY OF THE TOWN OF BERWICK
BERWICK, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2024

CAPITAL ASSETS

At December 31, 2024, the Authority had approximately \$8.5 million invested in a broad range of capital assets including land, buildings, furniture and equipment and construction in progress. This amount represents a net increase (including additions, deductions and depreciation) of approximately \$19,500 or 1.1% from last year. The majority of the change is due to current year additions offset by depreciation expense. For more information see Note 4 in the notes to the financial statements.

	<u>12/31/24</u>	<u>12/31/23</u>
Land	\$ 179,085	\$ 179,085
Building & improvements	8,192,770	7,986,893
Furniture and equipment	<u>139,308</u>	<u>144,278</u>
	8,511,163	8,310,256
Less accumulated depreciation	<u>(6,742,823)</u>	<u>(6,561,458)</u>
Capital assets, net of depreciation	<u>\$ 1,768,340</u>	<u>\$ 1,748,798</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Authority is primarily dependent upon HUD for the funding of operations; therefore, the Authority is affected more by the federal budget via appropriations rather than by local economic conditions. The Capital fund programs are multiple year budgets and have remained relatively stable. Capital funds are used for the modernization of public housing properties including the administrative fees involved in the modernization.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to Mr. Clarence Robinson, Executive Director, Housing Authority of the Town of Berwick, 2751 Fifth Street, Berwick, Louisiana 70342.

HOUSING AUTHORITY OF THE TOWN OF BERWICK
BERWICK, LOUISIANA
STATEMENT OF NET POSITION
DECEMBER 31, 2024

ASSETS:

Cash and cash equivalents	\$ 760,993
Receivables:	
Tenant receivable, net of allowance for doubtful accounts	383
Accrued interest receivable	55
Other receivables	16,115
Investments	93,748
Prepaid expenses	73,215
Inventory	6,397
Restricted cash and cash equivalents	38,200
Capital assets not being depreciated	179,085
Capital assets being depreciated, net of accumulated depreciation	<u>1,589,255</u>
 Total assets	 <u>2,757,446</u>

LIABILITIES:

Accounts payable	46,423
Unearned revenue	21
Liabilities payable from restricted assets:	
Deposits held in trust	38,200
Noncurrent liabilities:	
Due within one year	14,598
Due in more than one year	<u>38,247</u>
 Total liabilities	 <u>137,489</u>

NET POSITION:

Net investment in capital assets	1,768,340
Unrestricted	<u>851,617</u>
 Total net position	 <u><u>\$ 2,619,957</u></u>

The accompanying notes are an integral part of this statement

HOUSING AUTHORITY OF THE TOWN OF BERWICK
BERWICK, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2024

OPERATING REVENUES:

Charges for services:

Dwelling rental	\$ 531,638
Dwelling revenue - other	5,387

Operating grants and contributions:

HUD PHA operating grants	<u>573,227</u>
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Total operating revenues	<u>1,110,252</u>
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OPERATING EXPENSES:

Administration	423,667
Utilities	93,627
Ordinary maintenance and operations	449,851
General expense	271,867
Depreciation expense	<u>184,439</u>

Total operating expenses	<u>1,423,451</u>
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Net operating (loss)	<u>(313,199)</u>
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NON-OPERATING REVENUES:

Capital grants	199,980
Other non-operating receipts	201,539
Interest income	<u>355</u>

Total non-operating revenues	<u>401,874</u>
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Change in net position	88,675
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Net position - beginning	<u>2,531,282</u>
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Net position - ending	<u><u>\$ 2,619,957</u></u>
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The accompanying notes are an integral part of this statement

HOUSING AUTHORITY OF THE TOWN OF BERWICK
BERWICK, LOUISIANA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

CASH FLOWS FROM (USED FOR) OPERATING**ACTIVITIES:**

Receipts from tenants	\$ 538,916
Receipts from federal agencies	573,227
Payments to vendors and suppliers	(751,922)
Payments to employees	<u>(493,462)</u>
Net cash (used for) operating activities	<u>(133,241)</u>

CASH FLOWS FROM (USED FOR) NON-CAPITAL**FINANCING ACTIVITIES:**

Non-operating revenues	<u>205,709</u>
Net cash from non-capital financing activities	<u>205,709</u>

CASH FLOWS FROM (USED FOR) CAPITAL AND**RELATED FINANCING ACTIVITIES:**

Proceeds from capital grants	199,980
Acquisition and construction of capital assets	<u>(205,877)</u>
Net cash (used for) capital and related financing activities	<u>(5,897)</u>
Net change in cash and cash equivalents	<u>66,571</u>
Cash and cash equivalents at December 31, 2023	<u>732,622</u>
Cash and cash equivalents at December 31, 2024	<u><u>\$ 799,193</u></u>

The accompanying notes are an integral part of this statement

HOUSING AUTHORITY OF THE TOWN OF BERWICK
BERWICK, LOUISIANA
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

Reconciliation of operating (loss) to net cash from operating activities:

Operating (loss)	\$ (313,199)
Adjustments to reconcile operating (loss) to net cash used in operating activities:	
Depreciation	184,439
Loss on disposal of capital assets	1,896
(Increase) decrease in assets:	
Tenant receivable	152
Prepaid expenses	(8,695)
Inventory	2,559
Increase (decrease) in liabilities:	
Accounts payable	(9,282)
Unearned revenue	(561)
Deposits held in trust	2,300
Compensated absences	7,150
	<hr/>
Net cash (used for) operating activities	<u><u>\$ (133,241)</u></u>

Reconciliation of cash and cash equivalents to statement of net position:

Cash and cash equivalents - unrestricted	\$ 760,993
Cash and cash equivalents - restricted	<hr/> 38,200
	<hr/>
Totals	<u><u>\$ 799,193</u></u>

The accompanying notes are an integral part of this statement

HOUSING AUTHORITY OF THE TOWN OF BERWICK
BERWICK, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Housing Authority of the Town of Berwick (the Authority) have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

Reporting Entity

The Authority was chartered as a public corporation under the laws of the State of Louisiana for the purpose of providing safe and sanitary dwelling accommodations for the residents of the Town of Berwick, Louisiana.

The Authority has a five-member appointed Board of Commissioners and is headed by an Executive Director. The Board has the power to designate management, the ability to significantly influence operations, and has primary accountability for fiscal matters.

GASB Statement No. 14, as amended by GASB Statement No. 39 and 61, establishes criteria for determining the governmental reporting entity. Under the provisions of this statement, the Authority is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in the GASB statements, fiscally independent means that the Authority may, without the approval or consent of another governmental entity, determine or modify its own budget, control collection and disbursement of funds, maintain responsibility for funding deficits and operating deficiencies, and issue bonded debt. The Authority has no component units, defined by the GASB statements as other legally separate organizations for which the elected Authority members are financially accountable.

The Authority is a related organization of the Town of Berwick, Louisiana since the Town appoints a voting majority of the Authority's governing board. The Town is not financially accountable for the Authority as it cannot impose its will on the Authority and there is no potential for the Authority to provide financial benefit to or impose financial burdens on the Town. Accordingly, the Authority is not a component unit of the financial reporting entity of the Town.

Governmental-Wide Financial Statements

The Authority's basic financial statements consist of proprietary statements, including a statement of net position, a statement of revenues, expenditures and changes in net position and a statement of cash flows.

HOUSING AUTHORITY OF THE TOWN OF BERWICK
BERWICK, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The proprietary statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of the timing of related cash flows. Shared revenues are recognized when the provider government recognized the liability to the Authority. Grants are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

State appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. For financial purposes, the Authority reports all of its primary government operations as a single business activity in a single proprietary enterprise fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The Authority has elected not to follow subsequent private-sector guidance.

The Authority does not use encumbrance accounting.

Proprietary funds distinguish between 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 fund's principal ongoing operations. The principal operating revenues of the Authority are HUD provided federal grants and tenant rent payments. The major operating expenses of the Authority include administrative, utilities, ordinary maintenance and operations, general, and depreciation expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Budgets

The Authority prepares budgets for the Conventional and Capital Fund programs. The Board of Commissioners approves the Conventional and Capital Fund budgets. HUD approves the Capital Fund budget. Budgets are not, however, legally adopted nor required in the basic financial statement presentation.

HOUSING AUTHORITY OF THE TOWN OF BERWICK
BERWICK, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the statement of net position, cash includes all demand deposit and interest-bearing demand deposit accounts of the Authority. For the purposes of the proprietary funds statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. In accordance with Louisiana Statutes, the Authority maintains deposits at those depository banks authorized by the Authority. All such depositories are members of the Federal Reserve System.

Investments

Investments are limited by R.S 33:2955 and the Authority's investment policy. If the original maturities of investments exceed three months, they are classified as investments for financial reporting purposes. If the original maturities are three months or less, they are classified as cash equivalents.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items on the Authority's statement of net position.

Restricted Assets

Restricted cash on the statement of net position for the Authority represents tenant security deposits. Restricted cash is more fully detailed in Note 3.

Receivables

Accounts receivable from tenants are stated at net realizable value as required by GAAP. An allowance for doubtful accounts is used in the valuation of accounts receivable from tenants. As of December 31, 2024, the Authority deemed all amounts fully collectible and did not record an allowance for doubtful accounts.

HOUSING AUTHORITY OF THE TOWN OF BERWICK
BERWICK, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets and Depreciation

Capital assets are recorded at historical cost and are depreciated over their estimated useful lives. Capital assets include all items costing over \$1,500. Estimated useful lives reflect management's estimates of how long the asset is expected to meet service demands. Depreciation expense is recorded using the straight-line method. When assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	33
Modernization and improvements	15
Furniture and equipment	3 - 7

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the Authority has no items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. Currently, the Authority has no items that qualify for reporting in this category.

Compensated Absences

The Authority follows Louisiana Civil Service regulations for accumulated annual and sick leave. Employees may accumulate up to 300 hours of annual leave, which may be received upon termination or retirement. Sick leave hours accumulate, but the classified employee is not paid for them if not used by his/her retirement or termination date.

HOUSING AUTHORITY OF THE TOWN OF BERWICK
BERWICK, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity Classifications

In the government-wide proprietary financial statements, equity is classified as net position and displayed in three components:

Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.

Unrestricted net position – all other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Restricted Net Position

Restrictions, when appropriate, represent those portions of net position that are restricted in use by external parties or by law for a specific future use. There were no restrictions of net position as of December 31, 2024. When both restricted and unrestricted resources are available for use, it is the Authority’s policy to use restricted resources first, then unrestricted resources as they are needed.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements. They may also affect the reported amounts of revenues and expenses of proprietary funds during the reporting period. Actual results could differ from those estimates.

HOUSING AUTHORITY OF THE TOWN OF BERWICK
BERWICK, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements

The GASB has released Statement No. 101, *Compensated Absences* (Statement 101), which replaces GASB Statement No. 16, Accounting for Compensated Absences. The Statement 101 requires liabilities for compensated absences to be recognized for: Leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. Under the new Statement a liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered; (b) the leave has accumulated; and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits is not included in the compensated absences liability. The Statement also addresses the timing of the recognition of a liability for certain types of compensated absences, such as sabbatical leave, parental leave, military leave, jury duty leave and other specific types of compensated balances. The Statement is effective for fiscal years beginning after December 15, 2023. The adoption of this standard did not have a material impact on the Authority's financial statements.

Date of Management's Review

Subsequent events have been evaluated through April 14, 2025, the date the financial statements were available to be issued.

(2) CASH AND CASH EQUIVALENTS

At December 31, 2024 the carrying amount of the Authority's bank deposits was \$799,193. These deposits are stated at cost, which approximates market. The Authority does not have a policy for custodial credit risk; however, under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance, or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These securities are held in the name of the pledging bank in a holding or custodial bank that is mutually acceptable to both parties.

Cash and deposits are categorized into three categories of credit risk. Category 1 includes deposits covered by federal depository insurance or by collateral held by the Authority or its agent, in the Authority's name. Category 2 includes deposits covered by collateral held by the pledging financial institution's trust department, or its agent in the Authority's name. Category 3 includes deposits covered by collateral held by the pledging financial institution, or its trust department or agent but not in the Authority's name, and deposits which are uninsured or uncollateralized.

HOUSING AUTHORITY OF THE TOWN OF BERWICK
BERWICK, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

(2) CASH AND CASH EQUIVALENTS (CONTINUED)

At December 31, 2024, the bank balance was \$824,779. Of the bank balance, \$250,000 was covered by federal depository insurance (Category 1). In compliance with State laws, the remaining balance of \$574,779 was secured by bank owned securities specifically pledged to the Authority and held by an independent custodian bank jointly in the name of the Authority and the depository bank (Category 2). Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodian bank to advertise and sell the pledged securities within 10 days of being notified by the Authority that the fiscal agent has failed to pay deposited funds upon demand. Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. At December 31, 2024, there were no deposits held by the Authority that were exposed to custodial credit risk representing uninsured deposits collateralized by a pledging bank's trust department but not in the Authority's name.

State statutes authorize the Authority to invest in the following types of securities: (1) fully-collateralized certificates of deposit issued by commercial banks and savings and loan associations located within the State of Louisiana; (2) direct obligations of the U.S. Government; (3) obligations of U.S. Government agencies that are deliverable on the Federal Reserve System; and (4) repurchase agreements in government securities in (2) and (3) above made with the primary dealers that report to and are regulated by the Federal Reserve Bank of New York.

(3) RESTRICTED ASSETS CASH AND CASH EQUIVALENTS

Restricted cash and cash equivalents at December 31, 2024 are restricted as follows:

<u>Description</u>	<u>Amount</u>
Tenant security deposits	\$ <u>38,200</u>

HOUSING AUTHORITY OF THE TOWN OF BERWICK
BERWICK, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

(4) CAPITAL ASSETS

A summary of changes in proprietary fund type capital assets as of December 31, 2024 is as follows:

	<u>Balance 12/31/23</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 12/31/24</u>
Capital assets, not being depreciated:				
Land	\$ 179,085	\$ -	\$ -	\$ 179,085
Total capital assets not being depreciated	<u>179,085</u>	<u>-</u>	<u>-</u>	<u>179,085</u>
Capital assets, being depreciated:				
Building and improvements	7,986,893	205,877	-	8,192,770
Furniture and equipment	<u>144,278</u>	<u>-</u>	<u>(4,970)</u>	<u>139,308</u>
Total capital assets being depreciated	<u>8,131,171</u>	<u>205,877</u>	<u>(4,970)</u>	<u>8,332,078</u>
Less accumulated depreciation	<u>(6,561,458)</u>	<u>(184,439)</u>	<u>3,074</u>	<u>(6,742,823)</u>
Total capital assets being depreciated, net	<u>1,569,713</u>	<u>21,438</u>	<u>(1,896)</u>	<u>1,589,255</u>
Total capital assets, net	<u>\$ 1,748,798</u>	<u>\$ 21,438</u>	<u>\$ (1,896)</u>	<u>\$ 1,768,340</u>

Depreciation expense was \$184,439 for the year ended December 31, 2024.

(5) COMPENSATED ABSENCES

A summary of compensated absences is as follows:

	<u>Balance 12/31/23</u>	<u>Net Increase (Decrease)</u>	<u>Balance 12/31/24</u>	<u>Due Within One Year</u>
Compensated absences	<u>\$ 45,695</u>	<u>\$ 7,150</u>	<u>\$ 52,845</u>	<u>\$ 14,598</u>

HOUSING AUTHORITY OF THE TOWN OF BERWICK
BERWICK, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

(6) INTERAGENCY AGREEMENT

The Authority has entered into an agreement with the Morgan City Housing Authority (MCHA) whereby the Authority will manage the operations of MCHA. Under the agreement, the Authority's Executive Director is performing duties as Acting Executive Director for MCHA. The Authority is reimbursed for all expenses and costs of operating MCHA not to exceed 24 hours per week performed by the Acting Executive Director. The Authority received reimbursements totaling \$193,380 for the year ended December 31, 2024.

(7) RETIREMENT PLAN

The Authority participates in the Housing Agency Retirement Trust plan, a defined contribution plan administered by Mercer. The plan consists of employees of various local and regional housing authorities, urban renewal agencies, and other similar organizations. Through this plan, the Authority provides retirement benefits for all full-time employees. All regular and full-time employees are eligible to participate in the plan on the first day of the month following the completion of six months of continuous employment. Plan provisions and changes to plan contributions are determined by the Board of the Authority. Total contributions to the plan were \$20,211 for the year ended December 31, 2024.

Under the plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The employer is required to make monthly contributions equal to 4% of each participant's basic (excludes overtime) compensation. Employees are required to contribute 4% of their annual covered salary.

The Authority's contribution for each employee and income allocated to the employee's account are fully vested after five years of continuous service. The Authority's contributions and interest forfeited by employees who leave employment before five years of service are used to offset future contributions of the Authority. No payments were made out of the forfeiture account for the year ended December 31, 2024.

Normal retirement date shall be the first day of the month following the employee's 65th birthday or after ten years of participation in the plan.

(8) RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Authority maintains commercial insurance to mitigate these risks. Settled claims have not exceeded insurance coverage in any of the past three years.

HOUSING AUTHORITY OF THE TOWN OF BERWICK
BERWICK, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

(9) CONCENTRATIONS

For the year ended December 31, 2024, the Authority received approximately 51% of its total revenue from federal sources (U.S. Department of Housing and Urban Development).

(10) PAYMENT IN LIEU OF PROPERTY TAXES

In accordance with a cooperative agreement with the Town of Berwick, the Authority is not required to pay property taxes. Instead, the Authority is required to make payments in lieu of property taxes if and when funds may become available. Payments in lieu of property taxes of \$43,914 were required to be made during the year ended December 31, 2024 and are recorded as payable in the accompanying financial statements.

HOUSING AUTHORITY OF THE TOWN OF BERWICK
BERWICK, LOUISIANA
HUD FINANCIAL DATA SCHEDULE - BALANCE SHEET DATA BY PROJECT
DECEMBER 31, 2024

LA056000056					
Line Item #	Account Description	Conventional Program	Total CFP	Eliminations	Total
<u>ASSETS:</u>					
Current assets:					
Cash:					
111	Cash - unrestricted	\$ 760,993	\$ -	\$ -	\$ 760,993
114	Cash - tenant security deposits	38,200	-	-	38,200
100	Total cash	799,193	-	-	799,193
Accounts and notes receivables:					
125	Accounts receivable - miscellaneous	16,115	-	-	16,115
126	Accounts receivable - tenants	383	-	-	383
129	Accrued interest receivable	55	-	-	55
120	Total receivables, net of allowance for doubtful accounts	16,553	-	-	16,553
131	Investments - unrestricted	93,748	-	-	93,748
142	Prepaid expenses and other assets	73,215	-	-	73,215
143	Inventories	6,734	-	-	6,734
143.1	Allowance for obsolete inventories	(337)	-	-	(337)
150	Total current assets	989,106	-	-	989,106
Noncurrent assets:					
Capital assets:					
161	Land	179,085	-	-	179,085
162	Buildings	7,274,930	-	-	7,274,930
163	Furniture, equipment and machinery - dwellings	32,532	-	-	32,532
164	Furniture, equipment and machinery - administration	106,776	-	-	106,776
165	Leasehold improvements	917,840	-	-	917,840
166	Accumulated depreciation	(6,742,823)	-	-	(6,742,823)
160	Total capital assets, net of accumulated depreciation	1,768,340	-	-	1,768,340
180	Total noncurrent assets	1,768,340	-	-	1,768,340
190	Total assets	2,757,446	-	-	2,757,446
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>					
200	Deferred outflows of resources	-	-	-	-
290	Total assets and deferred outflows of resources	2,757,446	-	-	2,757,446
<u>LIABILITIES:</u>					
Current liabilities					
312	Accounts payable ≤ 90 days	720	-	-	720
322	Accrued compensated absences - current portion	14,598	-	-	14,598
332	Accounts payable - PHA projects	1,768	-	-	1,768
333	Accounts payable - other government	43,914	-	-	43,914
341	Tenant security deposits	38,200	-	-	38,200
342	Unearned revenue	21	-	-	21
346	Accrued liabilities - other	21	-	-	21
310	Total current liabilities	99,242	-	-	99,242
Noncurrent liabilities:					
354	Accrued compensated absences - non-current	38,247	-	-	38,247
350	Total noncurrent liabilities	38,247	-	-	38,247
300	Total liabilities	137,489	-	-	137,489
<u>DEFERRED INFLOWS OF RESOURCES:</u>					
400	Deferred inflows of resources	-	-	-	-
<u>NET POSITION:</u>					
508.4	Net investment in capital assets	1,768,340	-	-	1,768,340
512.4	Unrestricted net position	851,617	-	-	851,617
513	Total net position	2,619,957	-	-	2,619,957
600	Total liabilities, deferred inflows of resources, and net position	\$ 2,757,446	\$ -	\$ -	\$ 2,757,446

HOUSING AUTHORITY OF THE TOWN OF BERWICK
BERWICK, LOUISIANA
HUD FINANCIAL DATA SCHEDULE - REVENUES AND EXPENSES DATA BY PROJECT
FOR THE YEAR ENDED DECEMBER 31, 2023

LA056000056					
Line Item #	Account Description	Conventional Program	Total CFP	Eliminations	Total
<u>REVENUE:</u>					
70300	Net tenant rental revenue	\$ 531,638	\$ -	\$ -	\$ 531,638
70400	Tenant revenue - other	5,387	-	-	5,387
70500	Total tenant revenue	537,025	-	-	537,025
70600	HUD PHA operating grants	361,320	211,907	-	573,227
70610	Capital grants	-	199,980	-	199,980
71100	Investment income - unrestricted	355	-	-	355
71500	Other revenue	201,539	-	-	201,539
70000	Total revenue	1,100,239	411,887	-	1,512,126
<u>EXPENSES:</u>					
Administrative:					
91100	Administrative salaries	243,360	-	-	243,360
91200	Auditing fees	24,130	-	-	24,130
91400	Advertising and marketing	144	-	-	144
91500	Employee benefit contributions - administrative	100,918	-	-	100,918
91600	Office expenses	35,344	-	-	35,344
91800	Travel	2,357	-	-	2,357
91900	Other	17,414	-	-	17,414
91000	Total administrative	423,667	-	-	423,667
Utilities:					
93100	Water	31,109	-	-	31,109
93200	Electricity	9,831	-	-	9,831
93300	Gas	23,385	-	-	23,385
93500	Labor	2,400	-	-	2,400
93600	Sewer	26,902	-	-	26,902
93000	Total utilities	93,627	-	-	93,627
Ordinary maintenance and operations:					
94100	Ordinary maintenance and operations - labor	83,579	-	-	83,579
94200	Ordinary maintenance and operations - materials and other	225,622	-	-	225,622
94300	Ordinary maintenance and operations - contract costs	83,459	-	-	83,459
94500	Employee benefit contributions - ordinary maintenance	57,191	-	-	57,191
94000	Total maintenance and operations	449,851	-	-	449,851
General expenses:					
96110	Property insurance	124,306	-	-	124,306
96120	Liability insurance	4,077	-	-	4,077
96130	Workmen's compensation	9,260	-	-	9,260
96140	All other insurance	70,793	-	-	70,793
96100	Total insurance premiums	208,436	-	-	208,436
96210	Compensated absences	15,564	-	-	15,564
96000	Payments in lieu of taxes	43,914	-	-	43,914
96400	Bad debt- tenant rents	3,953	-	-	3,953
96000	Total other general expenses	63,431	-	-	63,431
96900	Total operating expenses	1,239,012	-	-	1,239,012
97000	Excess revenue over operating expenses	(138,773)	411,887	-	273,114
97400	Depreciation expense	184,439	-	-	184,439
90000	Total expenses	1,423,451	-	-	1,423,451
<u>OTHER FINANCING SOURCES (USES)</u>					
10010	Operating transfers in	211,907	-	(211,907)	-
10020	Operating transfers out	-	(211,907)	211,907	-
10100	Total other financing sources (uses)	211,907	(211,907)	-	-
10000	Excess (deficiency) of total revenue over (under) total expenses	\$ (111,305)	\$ 199,980	\$ -	\$ 88,675
<u>MEMO ACCOUNT INFORMATION:</u>					
11030	Beginning equity	\$ 2,531,282	\$ -	\$ -	\$ 2,531,282
11040	Prior period adjustments, equity transfers, and correction of errors	-	-	-	-
11190	Unit months available	1,513	-	-	1,513
11210	Unit months leased	1,507	-	-	1,507
11270	Excess cash	707,001	-	-	707,001
11630	Building purchases	-	199,980	-	199,980
11640	Furniture and equipment - administrative purchases	-	-	-	-
11650	Leasehold improvements purchases	-	-	-	-

HOUSING AUTHORITY OF THE TOWN OF BERWICK
BERWICK, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2024

Clarence Robinson, Jr.
Executive Director

Salary	\$ 139,020
Benefits - insurance (health and dental)	22,713
Benefits - retirement	5,561
Reimbursements	646
Conference travel	<u>586</u>
 Total compensation, benefits, and other payments	 \$ <u><u>168,526</u></u>



**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 of
Housing Authority of the Town of Berwick
Berwick, 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 activities of the Housing Authority of the Town of Berwick (the Authority), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated April 14, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 or significant deficiencies may exist that were not identified.



To the Board of Commissioners of
Housing Authority of the Town of Berwick
April 14, 2025

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose and is intended solely for the information and use of management, the Board of Commissioners, the Louisiana Legislative Auditor, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

April 14, 2025
New Orleans, Louisiana

Erickson Krentel, LLP
Certified Public Accountants



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

To the Board of Commissioners of
Housing Authority of the Town of Berwick
Berwick, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Housing Authority of the Town of Berwick (the Authority)'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2024. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

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

Responsibility 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 control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.



To the Board of Commissioners of
Housing Authority of the Town of Berwick
April 14, 2025

Auditor's Responsibility 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 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 Authority's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the 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 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 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.



To the Board of Commissioners of
Housing Authority of the Town of Berwick
April 14, 2025

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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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, as defined above. 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.

April 14, 2025
New Orleans, Louisiana

Certified Public Accountants

HOUSING AUTHORITY OF THE TOWN OF BERWICK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

Federal Grantor/Pass-through Grantor/ Program Title	Federal AL Number	Federal Disbursements/ Expenditures
<u>U.S. Department of Housing and Urban Development</u>		
<i>Direct programs</i>		
Low Rent Public Housing	14.850	\$ 361,320
Public Housing Capital Fund Program	14.872	<u>411,887</u>
Total expenditures of federal awards		<u>\$ 773,207</u>

(See Independent Auditors' Report)

HOUSING AUTHORITY OF THE TOWN OF BERWICK
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

(1) BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of the Housing Authority of the Town of Berwick under programs of the federal government for the year ended December 31, 2024. The information in the schedule is presented in accordance with the 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). Because the schedule presents only a selected portion of the operations of the Housing Authority of the Town of Berwick it is not intended to and does not present the financial position, changes in net position, or cash flows of the Housing Authority of the Town of Berwick.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expense Recognition

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Payments to Subrecipients

There were no payments to subrecipients for the fiscal year ended December 31, 2024.

(3) INDIRECT COST RATE

The Housing Authority of the Town of Berwick has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

HOUSING AUTHORITY OF THE TOWN OF BERWICK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024

I. SUMMARY OF AUDITORS' REPORTS

1. The independent auditors' report expresses an unmodified opinion on the financial statements of the Housing Authority of the Town of Berwick.
2. No significant deficiencies or material weaknesses in internal control relating to the audit of the financial statements were reported in the 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*.
3. No instances of noncompliance material to the financial statements were reported in the Independent Auditor's 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*.
4. No significant deficiencies or material weaknesses related to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance in Accordance with the Uniform Guidance.
5. The independent auditors' report on compliance for the major federal award programs of the Housing Authority of the Town of Berwick expresses an unmodified opinion on all major federal programs.
6. There were no findings required to be reported in accordance with 2 CFR section 200.516(a).
7. The program tested as major program was Public Housing Capital Fund (AL No. 14.872).
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The Housing Authority of the Town of Berwick was determined to not be a low-risk auditee.
10. A management letter was not issued for the year ended December 31, 2024.

II. FINDINGS – FINANCIAL STATEMENT AUDIT

There were no findings related to the financial statements for the year ended December 31, 2024.

III. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

There were no findings related to major federal award programs for the year ended December 31, 2024.

HOUSING AUTHORITY OF THE TOWN OF BERWICK
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2024

I. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

Not applicable.

II. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FEDERAL AWARDS

Not applicable.

III. MANAGEMENT LETTER

Not applicable.