



Berkeley Housing Authority

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Office of the Executive Director

Item 6A
NEW BUSINESS
May 9, 2024

To: Honorable Chairperson and Members of the Housing Authority Commission

From: James Williams, Executive Director

Subject: Acceptance of the Independent Audit Report, Year Ending June 30, 2023

RECOMMENDATION

Staff recommends the Board of Commissioners adopt a motion accepting the Audited Financial Statements and related Reports for the fiscal year ended June 30, 2023 as presented by Rich Larsen, Novogradac and Company LLP.

BACKGROUND AND SUMMARY

Pursuant to the Uniform Guidance as codified within 2 CFR 200 (Code of Federal Regulations, Part 200), an audit of the general-purpose financial statements for the Berkeley Housing Authority (“BHA”) has been performed for the fiscal year ended June 30, 2023. The Audit was performed by Novogradac and Company, LLP, Certified Public Accountants.

The Basic Financial Statements have been prepared in accordance with General Accepted Accounting Principles (GAAP). The audit was conducted in accordance with generally accepted auditing standards (GAAS); the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

As stated in the audit report, Novogradac and Company, LLP issued an “Unmodified Opinion” that the financial statements are fairly presented, in all material respects, the net position of the BHA, as of June 30, 2023, and the changes in its net position and its cash flows for the year then ended in accordance with GAAP. An “unmodified opinion” is the highest opinion an auditor can issue on the financial statements. It is issued when the auditor has not encountered any weaknesses, as to the appropriateness of accounting policies used, and the reasonableness of significant accounting estimates made by management. As required in the Uniform Guidance of 2 CFR 200, the financial statements also included the auditor’s report on the Agency’s compliance with relevant laws and regulations, and its internal controls.

Financial highlights in 2023 include:

- BHA’s net position increased by \$562 thousand or 5.58% during the fiscal year ended June 30, 2023. Net Position was \$12.3 million in 2023 and \$11.7 million in 2022, respectively.
- Operating revenues increased approximately \$1.8 million or 5.05% from \$35.7 million in 2022 to \$37.5 million in 2023. The increase in operating revenues is attributed mainly increase in HUD Operating Grants of \$1.9 million.
- Operating expenses for all Authority program increased by approximately \$2.5 million or 7.22%. Total operating expenses were \$37.3 million in 2023 and \$34.8 million in 2022.

Findings and Questioned Costs:

- Out of sample size of twenty-eight tenant files, the following information was unavailable for examination at the time of audit:
 - HUD-50058 form was missing in one file.
 - Verification of income and assets was missing in one file.
- BHA accepts the auditor recommendation and will increase oversight in the Moving to Work Demonstration Program to ensure established internal control policies are being followed on a timely basis.