



Berkeley Housing Authority

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Office of the Executive Director

Item 7A
NEW BUSINESS
April 13, 2023

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, 2022

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, 2022 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, 2022. 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 reported by Rich Larsen, CPA, Partner at Novogradac and Company, LLP, they have 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, 2022, and the changes in its net position and its cash flows for the year then ended in accordance with GAAP. According to Larsen, 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 2022 include:

- BHA’s net position increased by \$1.2 million or 11.86% during the fiscal year ended June 30, 2022. Net Position was \$11.7 million in 2022 and \$10.4 million in 2021, respectively.
- Operating revenues increased approximately \$251 thousand or 0.71% from \$35.4 million in 2021 to \$35.7 million in 2022. The increase in operating revenues is attributed mainly to the City of Berkeley forgiveness in the amount of \$300 thousand.
- Operating expenses for all Authority program decreased by approximately \$748 thousand or 2.10%. Total operating expenses were \$34.80 million in 2022 and \$35.60 million in 2021.

Findings and Questioned Costs:

- There were no findings to the financial statements which are required to be reported in accordance with Government Auditing Standards.
- Out of sample size of twenty-eight tenant files, two HUD 50058 forms and two verification of income and assets were missing. BHA accepts the auditor recommendation to design and implement internal control procedures that will assure compliance with the Uniform Guidance and the compliance supplement; and will increase oversight in the Section 8 Housing Choice Voucher program to ensure that established internal control policies are being followed on a timely basis.