

Housing Authority City of Milwaukee

2023 Final Unaudited Submission

April 9, 2025 Board Meeting

Attached are the final unaudited entity-wide balance sheet and revenue and expense statement summary after the adjustments required to correct for errors in the general ledger. These balances have been corrected for the previous “unreconciled” items in our cash balance and recording additional payables.

These balances are a report directly out of the Financial Data Schedule (FDS) required by HUD, which is why there are so many columns that the Board is not used to seeing. HUD requires different types of funding to be put in a separate column in that report. We will include a glossary of terms so that you understand the different columns and what type of funding it is.

HACM’s 2023 audit firm Berman Hopkins, CPAs, is still completing their audit of these 2023 Financial Statements including an opinion on the financial statements. We believe that the audit opinion will state that the financial statements are fairly presented. However, we also believe that the opinion will also contain language regarding whether HACM is a “Going Concern”. A “Going Concern” means that the agency is unable to meet its financial obligations when they become due.

If the auditor determines that such conditions exist, they must include a paragraph in the audit report that states:

- The financial statements are presented fairly in accordance with GAAP (or other applicable accounting framework).
- However, there is substantial doubt about the company's ability to continue as a going concern.

When the 2023 audited financial statements are completed in their standard format in accordance with accounting standards, we will bring them back to present to the Board.

Had this issue been identified in the years from 2019 to 2022 by executive management, it would have allowed the Board of Commissioners, who holds the ultimate fiduciary responsibility, an opportunity to direct the agency properly and resolve the issue earlier.

Since these reports are not the final audited financial statements and since it is for 2023 and is not more current, we will not provide a deep analysis of the financial results.

However---As previously stated, we have made and are making improvements as follows to assist in improving our financial performance:

1. The agency retained a CFO with extensive Public Housing expertise that will transparently inform the Executive Director and the Board of Commissioners when financial issues arise.
2. The layoffs and other reduction in expenses have increased the daily working capital of the agency, allowing us to more quickly satisfy qualified vendor payments. This will hopefully assist in the agency avoiding a “going concern” opinion for 2024.
3. The implementation of YARDI allows for stronger internal controls ensuring we are only incurring necessary costs.
4. The Finance Staff is going through extensive training to ensure clear understanding of strong accounting principles and practices. This will ensure all HUD deadlines and requirements are met.

It is a NEW DAY at HACM and together we will navigate through these tough times and return the Housing Authority of the City of Milwaukee back to prominence.