

HOUSING AUTHORITY OF THE CITY OF OPELOUSAS

OPELOUSAS, LOUISIANA

FINANCIAL STATEMENTS

JUNE 30, 2021



ERICKSEN KRENTEL LLP
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

TABLE OF CONTENTS

	<u>EXHIBIT</u>	<u>PAGE</u>
<u>INDEPENDENT AUDITORS' REPORT</u>		1 – 3
<u>REQUIRED SUPPLEMENTARY INFORMATION:</u>		
Management’s Discussion and Analysis		4 – 7
<u>BASIC FINANCIAL STATEMENTS:</u>		
Statement of Net Position	A	8
Statement of Revenues, Expenditures and Changes in Net Position.....	B	9
Statement of Cash Flows	C	10 – 11
Notes to Financial Statements		12 – 20
<u>OTHER SUPPLEMENTAL INFORMATION:</u>		
HUD Financial Data Schedule – Balance Sheet Data by Project.....	1	21
HUD Financial Data Schedule – Revenues and Expenses Data by Project	2	22
Schedule of Compensation, Benefits, and Other Payments to Agency Head.....	3	23
<u>OTHER REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS</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 <i>Government Auditing Standards</i>		24 – 25
<u>SINGLE AUDIT SECTION</u>		
Independent Auditors’ Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance		26 – 27
Schedule of Expenditures of Federal Awards.....		28
Notes to Schedule of Expenditures of Federal Awards		29
Schedule of Findings and Questioned Costs.....		30 – 31
Summary Schedule of Prior Year Findings and Questioned Costs.....		32
Management’s Corrective Action Plan		33

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners of
Housing Authority of the City of Opelousas
Opelousas, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Housing Authority of the City of Opelousas (the "Authority") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



To the Board of Commissioners of
Housing Authority of the City of Opelousas
February 16, 2023

Opinions

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 Housing Authority of the City of Opelousas as of June 30, 2021, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7 be presented to supplement the basic financial statements. Such information, 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.

Other 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.



To the Board of Commissioners of
Housing Authority of the City of Opelousas
February 16, 2023

The HUD financial data schedules, schedule of compensation, benefits, and other payments to agency head, and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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, schedule of compensation, benefits, and other payments to agency head, and schedule of expenditures of federal awards 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 February 16, 2023, 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 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 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 City of Opelousas's internal control over financial reporting and compliance.

February 16, 2023
New Orleans, Louisiana

Certified Public Accountants

HOUSING AUTHORITY OF THE CITY OF OPELOUSAS
OPELOUSAS, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

Our discussion and analysis of the Housing Authority of the City of Opelousas's (the Authority) financial performance provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2021.

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 3 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 \$4,780,000 for the year ended June 30, 2021. Total operating revenue was approximately \$4,951,000, of which tenant-related income comprised approximately \$1,942,000 or 39.2%. Subsidies and grants from the U.S. Department of Housing and Urban Development (HUD) comprised 62.4% 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 decreased from approximately \$3,085,000 in 2020 to \$3,009,000 in 2021, a 2.5% decrease from the prior year, mainly due to the change in pro-ration from the prior year.

HOUSING AUTHORITY OF THE CITY OF OPELOUSAS
OPELOUSAS, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2021

FINANCIAL ANALYSIS

The Authority's net position was approximately \$19.590 million at June 30, 2021.

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>06/30/21</u>	<u>06/30/20</u>
Current assets	\$ 11,238,620	\$ 10,171,016
Capital assets, net	<u>8,833,533</u>	<u>9,362,870</u>
Total assets	<u>20,072,153</u>	<u>19,533,886</u>
Current liabilities	436,311	444,387
Noncurrent liabilities	<u>45,520</u>	<u>57,220</u>
Total liabilities	<u>481,831</u>	<u>501,607</u>
Net position		
Net investment in capital assets	8,833,533	9,362,870
Unrestricted	<u>10,756,789</u>	<u>9,669,409</u>
Total net position	<u>\$ 19,590,322</u>	<u>\$ 19,032,279</u>

Current assets increased by \$1,067,604 or 10.5% from the prior year as a result of operations. Capital assets decreased by \$529,337 (5.7%) from the prior year, largely due to current year depreciation expense offset by current year additions. The aggregation of these factors affecting current assets and capital assets resulted in increase in total assets of \$538,267 (2.8%).

Total liabilities decreased by \$19,776 (3.9%) during the current year which is primarily due to the decrease in compensated absences payable in 2021.

The increase of approximately \$558,043 in net position is largely due to normal operations.

HOUSING AUTHORITY OF THE CITY OF OPELOUSAS
OPELOUSAS, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2021

Condensed Statement of Revenues, Expenditures and Changes in Net Position

	<u>06/30/21</u>	<u>06/30/20</u>
Operating revenues:		
Charges for services	\$ 1,941,804	\$ 2,061,557
Operating grants	3,008,807	3,084,727
Non-operating revenues:		
Capital grants	326,150	787,354
Interest earnings	20,811	35,981
Other non-operating receipts	<u>40,478</u>	<u>11,703</u>
Total revenues	<u>5,338,050</u>	<u>5,981,322</u>
Operating expenses		
Administration	716,735	930,365
Tenant services	711	-
Utilities	974,096	874,356
Ordinary maintenance and operations	1,463,932	1,610,543
General expenses	769,044	731,377
Depreciation	<u>855,489</u>	<u>833,031</u>
Total expenses	<u>4,780,007</u>	<u>4,979,672</u>
Change in net position	<u>\$ 558,043</u>	<u>\$ 1,001,650</u>
Net position, ending	<u>\$ 19,590,322</u>	<u>\$ 19,032,279</u>

Total revenues decreased by \$643,272 or 10.8%, and total expenses decreased by approximately \$199,665 or 4.0%. The decrease in revenues is primarily attributed to the decrease in capital grants. The decrease in operating expenses is primarily attributed to the decrease in ordinary maintenance and operations.

The Authority's net position increased by \$558,043. The increase is primarily attributed to normal operations.

HOUSING AUTHORITY OF THE CITY OF OPELOUSAS
OPELOUSAS, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2021

CAPITAL ASSETS

At June 30, 2021, the Authority had approximately \$8.8 million invested in a broad range of capital assets including land, buildings, and furniture and equipment. This amount represents a net decrease (including additions, deductions and depreciation) of \$529,337 or 5.7% from last year. The majority of the change is due to current year depreciation expense offset by current year additions. For more information see Note 4 in the notes to the financial statements.

	<u>06/30/21</u>	<u>06/30/20</u>
Land	\$ 1,327,350	\$ 1,327,350
Building and improvements	38,652,067	38,379,103
Furniture and equipment	<u>1,768,824</u>	<u>1,776,850</u>
	41,748,241	41,483,303
Less accumulated depreciation	<u>(32,914,708)</u>	<u>(32,120,433)</u>
Capital assets, net of depreciation	<u>\$ 8,833,533</u>	<u>\$ 9,362,870</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 Ms. Toya Thomas-Chavis, Executive Director, Housing Authority of the City of Opelousas, P.O. Box 689, Opelousas, Louisiana 70571.

HOUSING AUTHORITY OF THE CITY OF OPELOUSAS
OPELOUSAS, LOUISIANA
STATEMENT OF NET POSITION
JUNE 30, 2021

ASSETS:

Cash and cash equivalents	\$ 10,496,919
Receivables:	
Tenant receivable, net of allowance for doubtful accounts	120,245
Prepaid expenses	351,947
Inventory	88,606
Restricted cash and cash equivalents	180,903
Capital assets not being depreciated	1,327,350
Capital assets being depreciated, net of accumulated depreciation	<u>7,506,183</u>
 Total assets	 <u>20,072,153</u>

LIABILITIES:

Accounts payable	68,609
Accounts payable - other governments	97,263
Accrued wages payable	12,503
Unearned revenue	31,497
Liabilities payable from restricted assets:	
Deposits held in trust	180,903
Noncurrent liabilities:	
Due within one year	45,536
Due in more than one year	<u>45,520</u>
 Total liabilities	 <u>481,831</u>

NET POSITION:

Net investment in capital assets	8,833,533
Unrestricted	<u>10,756,789</u>
 Total net position	 <u><u>\$ 19,590,322</u></u>

The accompanying notes are an integral part of this statement

HOUSING AUTHORITY OF THE CITY OF OPELOUSAS
OPELOUSAS, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

OPERATING REVENUES:

Charges for services:	
Dwelling rental	\$ 1,570,820
Dwelling revenue - other	370,984
Operating grants and contributions:	
HUD PHA operating grants	<u>3,008,807</u>
 Total operating revenues	 <u>4,950,611</u>

OPERATING EXPENSES:

Administration	716,735
Tenant services	711
Utilities	974,096
Ordinary maintenance and operations	1,463,932
General expense	769,044
Depreciation expense	<u>855,489</u>
 Total operating expenses	 <u>4,780,007</u>
 Net operating income	 <u>170,604</u>

NON-OPERATING REVENUES:

Capital grants	326,150
Other non-operating receipts	40,478
Interest income	<u>20,811</u>
 Total non-operating revenues	 <u>387,439</u>
 Change in net position	 558,043
 Net position - beginning	 <u>19,032,279</u>
 Net position - ending	 <u>\$ 19,590,322</u>

The accompanying notes are an integral part of this statement

HOUSING AUTHORITY OF THE CITY OF OPELOUSAS
OPELOUSAS, LOUISIANA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

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

Receipts from tenants	\$ 1,891,544
Receipts from federal agencies	3,008,807
Payments to vendors and suppliers	(2,538,811)
Payments to employees	<u>(1,444,868)</u>
Net cash from operating activities	<u>916,672</u>

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

Non-operating revenues	<u>40,478</u>
Net cash from non-capital financing activities	<u>40,478</u>

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

Proceeds from capital grants	326,150
Acquisition and construction of capital assets	<u>(326,152)</u>
Net cash used for capital and related financing activities	<u>(2)</u>

CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES:

Interest received	<u>20,811</u>
Net cash from investing activities	<u>20,811</u>
Net change in cash and cash equivalents	<u>977,959</u>
Cash and cash equivalents at June 30, 2020	<u>9,699,863</u>
Cash and cash equivalents at June 30, 2021	<u><u>\$ 10,677,822</u></u>

The accompanying notes are an integral part of this statement

HOUSING AUTHORITY OF THE CITY OF OPELOUSAS
OPELOUSAS, LOUISIANA
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

Reconciliation of operating income to net cash from operating activities:

Operating income	\$ 170,604
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation	855,489
Bad debt expense	36,349
(Increase) decrease in assets:	
Tenant receivable	(107,394)
Prepaid expenses	(51,874)
Inventory	33,274
Increase (decrease) in liabilities:	
Accounts payable	3,840
Accounts payable - other governments	(22,245)
Accrued wages payable	3,378
Unearned revenue	12,046
Deposits held in trust	8,739
Compensated absences	<u>(25,534)</u>
Net cash from operating activities	<u>\$ 916,672</u>

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

Cash and cash equivalents - unrestricted	\$ 10,496,919
Cash and cash equivalents - restricted	<u>180,903</u>
Totals	<u>\$ 10,677,822</u>

The accompanying notes are an integral part of this statement

HOUSING AUTHORITY OF THE CITY OF OPELOUSAS
OPELOUSAS, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Housing Authority of the City of Opelousas (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 City of Opelousas, 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 City of Opelousas, Louisiana since the City appoints a voting majority of the Authority's governing board. The City 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 City. Accordingly, the Authority is not a component unit of the financial reporting entity of the City.

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 CITY OF OPELOUSAS
OPELOUSAS, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

(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 CITY OF OPELOUSAS
OPELOUSAS, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

(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 June 30, 2021, the Authority has recorded an allowance for doubtful accounts of \$4,131.

HOUSING AUTHORITY OF THE CITY OF OPELOUSAS
OPELOUSAS, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

(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	35
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 CITY OF OPELOUSAS
OPELOUSAS, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

(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 June 30, 2021. 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.

Date of Management’s Review

Subsequent events have been evaluated through February 16, 2023, the date the financial statements were available to be issued.

HOUSING AUTHORITY OF THE CITY OF OPELOUSAS
OPELOUSAS, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

(2) CASH AND CASH EQUIVALENTS

At June 30, 2021 the carrying amount of the Authority’s bank deposits was \$10,677,822. 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.

At June 30, 2021, the bank balance was \$10,897,729. Of the bank balance, \$721,921 was covered by federal depository insurance (Category 1). In compliance with State laws, the remaining balance of \$10,175,808 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 June 30, 2021, 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 June 30, 2021 are restricted as follows:

Description	Amount
Tenant security deposits	\$ <u>180,903</u>

HOUSING AUTHORITY OF THE CITY OF OPELOUSAS
OPELOUSAS, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

(4) CAPITAL ASSETS

A summary of changes in proprietary fund type capital assets as of June 30, 2021 is as follows:

	<u>Balance</u> <u>06/30/20</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>06/30/21</u>
Capital assets, not being depreciated:				
Land	\$ 1,327,350	\$ -	\$ -	\$ 1,327,350
Total capital assets not being depreciated	<u>1,327,350</u>	<u>-</u>	<u>-</u>	<u>1,327,350</u>
Capital assets, being depreciated:				
Building and improvements	38,379,103	272,964	-	38,652,067
Furniture and equipment	<u>1,776,850</u>	<u>53,188</u>	<u>(61,214)</u>	<u>1,768,824</u>
Total capital assets being depreciated	<u>40,155,953</u>	<u>326,152</u>	<u>(61,214)</u>	<u>40,420,891</u>
Less accumulated depreciation	<u>(32,120,433)</u>	<u>-855,489)</u>	<u>61,214</u>	<u>(32,914,708)</u>
Total capital assets being depreciated, net	<u>8,035,520</u>	<u>(529,337)</u>	<u>-</u>	<u>7,506,183</u>
Total capital assets, net	<u>\$ 9,362,870</u>	<u>\$ (529,337)</u>	<u>\$ -</u>	<u>\$ 8,833,533</u>

Depreciation expense was \$855,489 for the year ended June 30, 2021.

(5) COMPENSATED ABSENCES

A summary of compensated absences is as follows:

	<u>Balance</u> <u>06/30/20</u>	<u>Net Increase</u> <u>(Decrease)</u>	<u>Balance</u> <u>06/30/21</u>	<u>Due Within</u> <u>One Year</u>
Compensated absences	<u>\$ 116,590</u>	<u>\$ (25,534)</u>	<u>\$ 91,056</u>	<u>\$ 45,536</u>

HOUSING AUTHORITY OF THE CITY OF OPELOUSAS
OPELOUSAS, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

(6) CARES ACT FUNDING

During the year ended June 30, 2021, the Authority was awarded supplemental funding through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The Authority was awarded \$74,607 of Supplemental Public Housing Operating funding which was expended during the year ended June 30, 2021.

(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 \$51,885 for the year ended June 30, 2021.

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 7% of each participant's basic (excludes overtime) compensation. Employees are required to contribute 5% 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 June 30, 2021.

Normal retirement date shall be the first day of the month following the employee reaching the age of 59½ 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.

(9) CONCENTRATIONS

For the year ended June 30, 2021, the Authority received approximately 62% of its total revenue from federal sources (U.S. Department of Housing and Urban Development).

HOUSING AUTHORITY OF THE CITY OF OPELOUSAS
OPELOUSAS, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

(10) PAYMENT IN LIEU OF PROPERTY TAXES

In accordance with a cooperative agreement with the City of Opelousas, 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. The liability for payments in lieu of property taxes due at June 30, 2021 totaled 97,263.

(11) NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued Statement No. 87, “*Leases*.” The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021 as postponed by GASB Statement No. 95. The Authority plans to adopt this Statement as applicable by the effective date.

The GASB has issued Statement No. 92, “*Omnibus 2020*.” The objective of this Statement is to enhance the comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during the implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to reinsurance recoveries, derivative instruments, intra-entity transfers of assets, post-employment benefit arrangements, fair value measurements, and measurements of liabilities associated with AROs in a government acquisition. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021 as postponed by GASB Statement No. 95. The Authority plans to adopt this Statement as applicable by the effective date.

The GASB has issued Statement No. 95, “*Postponement of the Effective Dates of Certain Authoritative Guidance*.” The objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This Statement addresses the postponement of effective dates of certain provisions in Statements and Implementation Guides that first became effective or are schedule to become effective for periods beginning after June 15, 2018. The provisions affected are Statement’s No. 83, 84, 87, 88, 89, 90, 91, 92, 93, and Implementation Guide’s No. 2017-3, 2018-1, 2019-1, 2019-2, and 2019-3. The Authority plans to adopt the amendments in this Statement as applicable by the effective dates.

HOUSING AUTHORITY OF THE CITY OF OPELOUSAS
OPELOUSAS, LOUISIANA
HUD FINANCIAL DATA SCHEDULE - BALANCE SHEET DATA BY PROJECT
JUNE 30, 2021

Line Item #	Account Description	Conventional Program	CARES	Total CFP	COCC	Eliminations	Total
ASSETS:							
Current assets:							
Cash:							
111	Cash - unrestricted	\$ 8,529,600	\$ -	\$ -	\$ 1,967,319	\$ -	\$ 10,496,919
114	Cash - tenant security deposits	180,903	-	-	-	-	180,903
100	Total cash	<u>8,710,503</u>	<u>-</u>	<u>-</u>	<u>1,967,319</u>	<u>-</u>	<u>10,677,822</u>
Accounts and notes receivables:							
124	Accounts receivable - Other government	-	-	-	-	-	-
126	Accounts receivable - tenants	124,376	-	-	-	-	124,376
126.1	Allowance for doubtful accounts - tenants	(4,131)	-	-	-	-	(4,131)
129	Accrued interest receivable	-	-	-	-	-	-
120	Total receivables, net of allowance for doubtful accounts	<u>120,245</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,245</u>
131	Investments - unrestricted	-	-	-	-	-	-
142	Prepaid expenses and other assets	336,763	-	-	15,184	-	351,947
143	Inventories	88,606	-	-	-	-	88,606
143.1	Allowance for obsolete inventories	-	-	-	-	-	-
150	Total current assets	<u>9,256,117</u>	<u>-</u>	<u>-</u>	<u>1,982,503</u>	<u>-</u>	<u>11,238,620</u>
Noncurrent assets:							
Capital assets:							
161	Land	1,100,772	-	-	226,578	-	1,327,350
162	Buildings	37,258,660	-	-	1,393,408	-	38,652,068
163	Furniture, equipment and machinery - dwellings	1,013,769	-	-	46,188	-	1,059,957
164	Furniture, equipment and machinery - administration	452,442	-	-	256,424	-	708,866
165	Leasehold improvements	-	-	-	-	-	-
166	Accumulated depreciation	(31,252,336)	-	-	(1,662,372)	-	(32,914,708)
167	Construction in progress	-	-	-	-	-	-
160	Total capital assets, net of accumulated depreciation	<u>8,573,307</u>	<u>-</u>	<u>-</u>	<u>260,226</u>	<u>-</u>	<u>8,833,533</u>
180	Total noncurrent assets	<u>8,573,307</u>	<u>-</u>	<u>-</u>	<u>260,226</u>	<u>-</u>	<u>8,833,533</u>
190	Total assets	<u>17,829,424</u>	<u>-</u>	<u>-</u>	<u>2,242,729</u>	<u>-</u>	<u>20,072,153</u>
DEFERRED OUTFLOWS OF RESOURCES:							
200	Deferred outflows of resources	-	-	-	-	-	-
290	Total assets and deferred outflows of resources	<u>17,829,424</u>	<u>-</u>	<u>-</u>	<u>2,242,729</u>	<u>-</u>	<u>20,072,153</u>
LIABILITIES:							
Current liabilities							
312	Accounts payable ≤ 90 days	64,326	-	-	4,283	-	68,609
321	Accrued wage/payroll taxes payable	6,786	-	-	5,717	-	12,503
322	Accrued compensated absences - current portion	36,004	-	-	9,532	-	45,536
333	Accounts payable - other government	97,263	-	-	-	-	97,263
341	Tenant security deposits	180,903	-	-	-	-	180,903
342	Unearned revenue	31,497	-	-	-	-	31,497
310	Total current liabilities	<u>416,779</u>	<u>-</u>	<u>-</u>	<u>19,532</u>	<u>-</u>	<u>436,311</u>
Noncurrent liabilities							
354	Accrued compensated absences - non-current	38,142	-	-	7,378	-	45,520
350	Total noncurrent liabilities	<u>38,142</u>	<u>-</u>	<u>-</u>	<u>7,378</u>	<u>-</u>	<u>45,520</u>
300	Total liabilities	<u>454,921</u>	<u>-</u>	<u>-</u>	<u>26,910</u>	<u>-</u>	<u>481,831</u>
DEFERRED INFLOWS OF RESOURCES:							
400	Deferred inflows of resources	-	-	-	-	-	-
NET POSITION:							
508.4	Net investment in capital assets	8,573,307	-	-	260,226	-	8,833,533
512.4	Unrestricted net position	8,801,196	-	-	1,955,593	-	10,756,789
513	Total net position	<u>17,374,503</u>	<u>-</u>	<u>-</u>	<u>2,215,819</u>	<u>-</u>	<u>19,590,322</u>
600	Total liabilities, deferred inflows of resources, and net position	<u>\$ 17,829,424</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,242,729</u>	<u>\$ -</u>	<u>\$ 20,072,153</u>

HOUSING AUTHORITY OF THE CITY OF OPELOUSAS
OPELOUSAS, LOUISIANA
HUD FINANCIAL DATA SCHEDULE - REVENUES AND EXPENSES DATA BY PROJECT
FOR THE YEAR ENDED JUNE 30, 2021

Line Item #	Account Description	Conventional Program	CARES	Total CFP	COCC	Eliminations	Total
REVENUE:							
70300	Net tenant rental revenue	\$ 1,570,820	\$ -	\$ -	\$ -	\$ -	\$ 1,570,820
70400	Tenant revenue - other	369,113	-	-	1,871	-	370,984
70500	Total tenant revenue	1,939,933	-	-	1,871	-	1,941,804
70600	HUD PHA operating grants	2,932,535	74,607	1,665	-	-	3,008,807
70610	Capital grants	-	-	326,150	-	-	326,150
70710	Management fee	-	-	-	460,037	(460,037)	-
70720	Asset management fee	-	-	-	82,800	(82,800)	-
70730	Bookkeeping fee	-	-	-	60,647	(60,647)	-
70700	Total fee revenue	-	-	-	603,484	(603,484)	-
71100	Investment income - unrestricted	11,333	-	-	9,478	-	20,811
71500	Other revenue	34,962	-	-	5,516	-	40,478
70000	Total revenue	4,918,763	74,607	327,815	620,349	(603,484)	5,338,050
EXPENSES:							
Administrative:							
91100	Administrative salaries	159,143	-	-	232,297	-	391,440
91200	Auditing fees	6,693	-	-	2,231	-	8,924
91300	Management fee	460,037	-	-	-	(460,037)	-
91310	Bookkeeping fee	60,647	-	-	-	(60,647)	-
91400	Advertising and marketing	-	-	-	-	-	-
91500	Employee benefit contributions - administrativ	72,875	-	-	84,597	-	157,472
91600	Office expenses	28,748	-	-	41,188	-	69,936
91700	Legal expense	16,685	-	-	13,679	-	30,364
91800	Travel	-	-	-	1,208	-	1,208
91900	Other	35,045	-	1,665	20,681	-	57,391
91000	Total administrative	839,873	-	1,665	395,881	(520,684)	716,735
92000	Asset management fee	82,800	-	-	-	(82,800)	-
92400	Tenant services - other	711	-	-	-	-	711
92500	Total tenant services	711	-	-	-	-	711
Utilities:							
93100	Water	373,046	-	-	-	-	373,046
93200	Electricity	576,181	-	-	5,145	-	581,326
93300	Gas	18,080	-	-	1,644	-	19,724
93500	Labor	-	-	-	-	-	-
93600	Sewer	-	-	-	-	-	-
93000	Total utilities	967,307	-	-	6,789	-	974,096
Ordinary maintenance and operations							
94100	Ordinary maintenance and operations - labor	541,862	55,352	-	13,252	-	610,466
94200	Ordinary maintenance and operations - materials and other	243,617	13,452	-	6,569	-	263,638
94300	Ordinary maintenance and operations - contract costs	317,831	-	-	8,665	-	326,496
94500	Employee benefit contributions - ordinary maintenance	262,435	-	-	897	-	263,332
94000	Total maintenance and operations	1,365,745	68,804	-	29,383	-	1,463,932
General expenses:							
96110	Property insurance	468,294	-	-	25,363	-	493,657
96120	Liability insurance	375	-	-	125	-	500
96130	Workmen's compensation	22,572	-	-	7,524	-	30,096
96140	All other insurance	-	-	-	-	-	-
96100	Total insurance premiums	491,241	-	-	33,012	-	524,253
96200	Other general expenses	81,917	5,803	-	23,459	-	111,179
96210	Compensated absences	-	-	-	-	-	-
96000	Payments in lieu of taxes	97,263	-	-	-	-	97,263
96400	Bad debt- tenant rents	36,349	-	-	-	-	36,349
96000	Total other general expenses	215,529	5,803	-	23,459	-	244,791
96900	Total operating expenses	3,880,406	74,607	1,665	488,524	(520,684)	3,924,518
97000	Excess revenue over operating expenses	1,038,357	-	326,150	131,825	(82,800)	1,413,532
97400	Depreciation expense	790,370	-	54,042	11,077	-	855,489
90000	Total expenses	4,670,776	74,607	55,707	499,601	(520,684)	4,780,007
OTHER FINANCING SOURCES (USES)							
10010	Operating transfers in	-	-	-	-	-	-
10020	Operating transfers out	-	-	-	-	-	-
10100	Total other financing sources (uses)	-	-	-	-	-	-
10000	Excess (deficiency) of total revenue over (under) total expenses	\$ 247,987	\$ -	\$ 272,108	\$ 120,748	\$ (82,800)	\$ 558,043
MEMO ACCOUNT INFORMATION:							
11030	Beginning equity	\$ 16,937,208	\$ -	\$ -	\$ 2,095,071	\$ -	\$ 19,032,279
11040	Prior period adjustments, equity transfers, and correction of error:	272,108	-	(272,108)	-	-	-
11190	Unit months available	8,280	-	-	-	-	8,280
11210	Unit months leasec	8,091	-	-	-	-	8,091
11270	Excess cash	8,083,704	-	-	-	-	8,083,704
11620	Building purchases:	-	-	272,963	-	-	272,963
11630	Furniture and equipment - dwelling purchase	-	-	53,187	-	-	53,187
11640	Furniture and equipment - administrative purchase	-	-	-	-	-	-
11650	Leasehold improvements purchases	-	-	-	-	-	-

HOUSING AUTHORITY OF THE CITY OF OPELOUSAS
OPELOUSAS, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Joe Pitre</u> <u>Interim Executive Director</u>	<u>Marvin Crocket</u> <u>Executive Director</u>
Salary	\$ 82,841	\$ 11,058
Benefits - insurance (health and dental)	7,131	774
Benefits - retirement	<u>4,072</u>	<u>-</u>
Total compensation, benefits, and other payments	<u>\$ 94,044</u>	<u>\$ 11,832</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 City of Opelousas
Opelousas, 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 City of Opelousas (the Authority), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated February 16, 2023.

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 City of Opelousas
February 16, 2023

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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as items 2021-001.

Housing Authority of the City of Opelousas’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Authority’s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Authority’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

February 16, 2023
New Orleans, Louisiana

A handwritten signature in black ink that reads "Ericksen 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 City of Opelousas
Opelousas, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the City of Opelousas (the Authority)'s compliance with the types of compliance requirements described 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 June 30, 2021. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

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 June 30, 2021.



To the Board of Commissioners of
Housing Authority of the City of Opelousas
February 16, 2023

Report on Internal Control over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

February 16, 2023
New Orleans, Louisiana

A handwritten signature in black ink that reads "Ericksen Krentel, LLP".

Certified Public Accountants

HOUSING AUTHORITY OF THE CITY OF OPELOUSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

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	\$ 2,932,535
COVID-19 Public Housing CARES Act Funding	14.PHC	74,607
Public Housing Capital Fund Program	14.872	<u>327,815</u>
Total expenditures of federal awards		<u>\$ 3,334,957</u>

HOUSING AUTHORITY OF THE CITY OF OPELOUSAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

(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 City of Opelousas under programs of the federal government for the year ended June 30, 2021. 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 City of Opelousas 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 City of Opelousas.

(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 June 30, 2021.

(3) INDIRECT COST RATE

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

HOUSING AUTHORITY OF THE CITY OF OPELOUSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF AUDITORS' REPORTS

1. The independent auditors' report expresses an unmodified opinion on the financial statements of the Housing Authority of the City of Opelousas.
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. An instance of noncompliance was 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*.
4. No significant deficiencies or material weaknesses relating 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 City of Opelousas 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 Low Rent Public Housing (AL No. 14.850).
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The Housing Authority of the City of Opelousas was determined to not be a low-risk auditee.
10. A management letter was not issued for the year ended June 30, 2021.

HOUSING AUTHORITY OF THE CITY OF OPELOUSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

II. FINDINGS - FINANCIAL STATEMENT AUDIT

Finding 2021-001 Noncompliance with Reporting Requirements

Criteria: The Authority is required to provide an annual financial report to the Louisiana Legislative Auditor no later than six months after its year end in accordance with Louisiana Revised Statutes 24:513 and 24:514. The Authority must submit its audit and the data collection form to the Federal Audit Clearinghouse within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period in accordance with 2 CFR section 200.512(a) of the Uniform Guidance. The Authority must also submit their audited financial statements no later than nine months after its year end to HUD in accordance with the Uniform Financial Reporting Standards 24 CFR section 5.801(d)(1).

Condition: The Authority failed to comply with these laws, submitting the required reports after the required deadlines.

Effect: The Authority is not in compliance with Louisiana Revised Statutes 24:513 and 24:514, 2 CFR section 200.512(a) of the Uniform Guidance, and 24 CFR section 5.801(d)(1) of the Uniform Financial Reporting Standards.

Cause: The Authority's June 30, 2021 audit was in progress when the prior contracted external auditor was removed from the Louisiana Legislative Auditor's approved list resulting in the Authority having to contract a new auditor to perform the audit.

Recommendation: The Authority should put additional policies and procedures in place to ensure that required annual reports are filed in a timely manner.

Views of Responsible Officials: Management agrees with the finding and has implemented the recommendation. See Management's Corrective Action plan for further information.

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

There were no findings related to major federal award programs for the year ended June 30, 2021.

HOUSING AUTHORITY OF THE CITY OF OPELOUSAS
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021

I. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

Finding 2020-001 Noncompliance with Requirements

Condition: The Authority failed to comply with Louisiana Revised Statutes 24:513 and 24:514, 2 CFR section 200.512(a) of the Uniform Guidance, and 24 CFR section 5.801(d)(1) of the Uniform Financial Reporting Standards..

This finding is repeated in the audit report for the year ended June 30, 2021 as finding number 2021-001.

II. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FEDERAL AWARDS

Not applicable.

III. MANAGEMENT LETTER

Not applicable.

HOUSING AUTHORITY OF THE CITY OF OPELOUSAS
MANAGEMENT'S CORRECTIVE ACTION PLAN - FINDINGS
JUNE 30, 2021

February 16, 2023

Louisiana Legislative Auditor

The Housing Authority of the City of Opelousas (the Authority) respectfully submits the following corrective action plan for the year ended June 30, 2021.

Name and address of independent public accounting firm:

Ericksen Krentel, L.L.P.
 4227 Canal Street
 New Orleans, LA 70119

Audit Period: July 1, 2020 – June 30, 2021

The finding from the June 30, 2021 schedule of findings and questioned costs is discussed below. The finding is numbered consistently with the number assigned in the schedule.

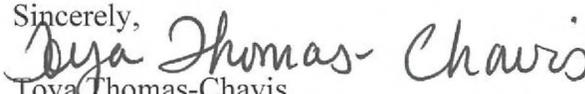
SECTION II - FINDINGS RELATED TO THE FINANCIAL STATEMENTS

Finding 2021-001 Noncompliance with Reporting Requirements

Recommendation: The Authority should put additional policies and procedures in place to ensure that required annual reports are filed in a timely manner.

Response: The Executive Director will work with the Board of Directors to draft an implement additional policies and procedures over financial accounting processes in order to ensure compliance with Federal Audit Clearinghouse reporting requirements.

If there are any questions regarding this plan, please contact Toya Thomas-Chavis, Executive Director, at (337) 942-5693.

Sincerely,

 Toya Thomas-Chavis
 Executive Director

Toya Thomas-Chavis
 Executive Director

James Rollins
 Board Member

Alice Cole
 Board Member

Linda Prudhomme
 Board Member

Millard J. Soileau
 Board Member

Johnnie Simmons
 Board Member