

4/26/11

**Housing Authority of the  
CITY OF OPELOUSAS**  
Opelousas, Louisiana

**Annual Financial Report  
As of and for the Year Ended June 30, 2010**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 5/18/11

**HOUSING AUTHORITY OF THE CITY OF OPELOUSAS**  
 Opelousas, Louisiana  
 Basic Financial Statements  
 As of and for the Year Ended June 30, 2010  
 With Supplemental Information Schedules

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INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying basic financial statements of the Housing Authority of the City of Opelousas (the authority) as of and for the year ended June 30, 2010, as listed in the table of contents. These basic financial statements are the responsibility of the authority's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my audit in accordance with 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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the basic financial statements referred to above present fairly in all material respects, the financial position of the Housing Authority of the City of Opelousas as of June 30, 2010, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**HOUSING AUTHORITY OF THE CITY OF OPELOUSAS**

Opelousas, Louisiana  
Independent Auditor's Report, 2010  
Page Two

In accordance with *Government Auditing Standards*, I have also issued my report dated February 11, 2011 on my consideration of the authority's internal control over financial reporting and on my 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 my 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* and should be considered in assessing the results of my audit.

The management's discussion and analysis listed in the table of contents, is not a required part of the basic financial statements but is supplemental information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements which collectively comprise the authority's basic financial statements. The financial data schedule and other supplementary information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the authority. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the authority. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*William Daniel McCaskill*

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William Daniel McCaskill, CPA  
A Professional Accounting Corporation

February 11, 2011

**HOUSING AUTHORITY OF THE CITY OF OPELOUSAS, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2010**

**Introduction**

The Management's Discussion and Analysis is a narrative overview and analysis of the financial activities of the Housing Authority of the City of Opelousas, Louisiana (The Authority) for the fiscal year ended June 30, 2010. Management's Discussion and Analysis (MD&A) is a look at the overall financial performance of the Housing Authority of the City of Opelousas, Louisiana using an objective, easily readable analysis of the Authority's financial activities. We encourage readers to consider the information presented herein in conjunction with additional information that we have furnished in the Notes to Financial Statements. Please reference the Table of Contents for the exact location of those items.

**Financial Highlights**

- The assets of the Authority exceeded its liabilities as of June 30, 2010 by \$11,578,183 (net assets)
- The Authority's cash balance as of June 30, 2010 was \$1,840,070 representing an increase of \$8,033 from the prior year.
- The Authority had \$1,694,008 in Tenant Revenue, \$2,544,874 in HUD Operating Grants, and \$477,895 in capital grants for the year ended June 30, 2010.
- Overall the Authority continues to maintain a good financial position.

**Overview of the Financial Statements**

The financial statements included in this annual report are those of a special-purpose government engaged in a business-type activity. The following statements are included:

- Statement of Net Assets – reports the Authority's current financial resources (short-term spendable resources) with capital assets and long-term debt obligations.
- Statement of Revenues, Expenses, and Changes in Net Assets - reports the Authority's operating and non-operating revenues, by major source along with operating and non-operating expenses and capital contributions.
- Statement of Cash Flows – reports the Authority's cash flows from operating, investing, capital and non-capital activities.

**Reporting on the Housing Authority as a Whole**

The analysis of the Authority as a whole is discussed below. The MD&A should answer the question "Is the Authority as a whole better off or worse as a result of the year's activities?"

HOUSING AUTHORITY OF THE CITY OF OPELOUSAS, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
JUNE 30, 2010

The attached analysis of entity wide net assets, revenues, and expenses are provided to assist with answering the above question. This analysis includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. This analysis also reflects the Authority's net assets and changes in them. The Authority's net assets are the differences between what the Authority owns (i.e., assets) and what the Authority owes (i.e., liabilities), as one way to measure the Authority's financial health.

The Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The Notes to Financial Statements can be found in this report after the financial statements referred to above.

Over time, changes in the Authority's net assets are an indicator of whether its financial health is improving or deteriorating. Readers need to consider other non-financial factors such as changes in family composition, fluctuations in the local economy, HUD mandated program administrative changes, and the physical condition of the Authority's capital assets to assess the overall health of the Authority.

**Analysis of Entity Wide Net Assets (Statement of Net Assets)**

**Total Assets** for FYE 2010 was \$12,175,936 and for FYE 2009 the amount was \$12,191,808. This represents a net decrease of \$15,872 over the prior year.

**Cash** increased by \$8,033 from the prior year. Tenant revenue decreased by \$41,912 and the operating grants decreased by \$53,731. Ordinary maintenance increased by \$248,674 and insurance increased by \$82,835.

**Total Liabilities** increased from \$540,599 in FYE 2009 to \$597,753 in FYE 2010. This represents an increase of \$57,154.

**Non-Current Liabilities** increased by \$13,148. This increase represents an adjustment to properly record compensated absences.

The following table illustrates our analysis:

	<u>2010</u>	<u>2009</u>	<u>Variance</u>
Cash	\$1,840,070	\$1,832,037	\$8,033
Other current assets	328,199	491,876	(163,677)
Restricted cash	81,974	68,596	13,378
Capital assets	<u>9,925,693</u>	<u>9,799,299</u>	<u>126,394</u>
<b>Total assets</b>	<b><u>12,175,936</u></b>	<b><u>12,191,808</u></b>	<b><u>(15,872)</u></b>

**HOUSING AUTHORITY OF THE CITY OF OPELOUSAS, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**JUNE 30, 2010**

	<u>2010</u>	<u>2009</u>	<u>Variance</u>
Current liabilities	\$453,550	\$422,825	\$30,725
Security deposit liabilities	81,974	68,693	13,281
Non-current liabilities	<u>62,229</u>	<u>49,081</u>	<u>13,148</u>
<u>Total liabilities</u>	<u>597,753</u>	<u>540,599</u>	<u>57,154</u>
Investment in capital assets	9,925,692	9,799,299	126,393
Unrestricted	<u>1,652,491</u>	<u>1,851,910</u>	<u>(199,419)</u>
<u>Total net assets</u>	<u>11,578,183</u>	<u>11,651,209</u>	<u>(73,026)</u>

**Analysis of Entity Wide Revenues (Statement of Activities)**

The Authority administers the following programs and the revenues generated from these programs during FYE 2010 were as follows:

	<u>Amount</u>	<u>Percent</u>
<b>Low Income Public Housing</b>		
Operating Subsidy	\$2,404,256	80%
<b>Capital Fund Program</b>		
Capital Grant	477,895	16
Operating Grant	<u>140,618</u>	<u>4</u>
<u>Total</u>	<u>3,022,769</u>	<u>100</u>

**Analysis of Entity Wide Expenditures**

**Total Revenues** in FYE 2010 and FYE 2009 were \$4,809,681 and \$5,335,388, respectively. Comparatively, FYE 2009 revenues exceeded FYE 2010 revenues by \$525,707. The decrease in the capital fund program was the contributing factor.

**Total Expenses** increased by 5.64% in FYE 2010 as compared to FYE 2009. In FYE 2010 and FYE 2009 total expenses were \$4,792,583 and \$4,536,626, respectively.

The schedule below reflects increases and decreases in individual line items.

	<u>2010</u>	<u>2009</u>	<u>Variance</u>
<b><u>OPERATING REVENUES</u></b>			
Charges for services:			
HUD operating grants	\$2,544,874	\$2,598,605	\$(53,731)
Tenant rental revenue	1,265,044	1,275,881	(10,837)
Tenant revenue – other	<u>428,964</u>	<u>460,039</u>	<u>(31,075)</u>
<u>Total operating revenues</u>	<u>4,238,882</u>	<u>4,334,525</u>	<u>(95,643)</u>

HOUSING AUTHORITY OF THE CITY OF OPELOUSAS, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
JUNE 30, 2010

	<u>2010</u>	<u>2009</u>	<u>Variance</u>
<u>OPERATING EXPENSES</u>			
Administrative salaries	\$366,313	\$267,398	\$98,915
Administrative contract labor	163,375		163,375
Employee benefit contr. – admin.	95,928	58,654	37,274
Other operating – administrative	475,227	838,781	(363,554)
Tenant services - salaries	35,751	34,533	1,218
Tenant – employee benefit	17,621	16,413	1,208
Tenant - other	4,377	2,604	1,773
Utilities	854,775	988,122	(133,347)
Ordinary maint. – labor	499,684	437,891	61,793
Ordinary maint. – materials	248,987	139,860	109,127
Ordinary maint. – contract costs	124,855	37,284	87,571
Ordinary maint. – emp. ben. contr.	196,849	206,666	(9,817)
Protective services – labor	93,336	30,845	62,491
Protective services – emp. ben. contr.	23,145	17,533	5,612
Protective services – other	97,849	13,429	84,420
Insurance premiums	344,124	261,289	82,835
Compensated absences	15,884	(784)	16,668
Payments in lieu of taxes	92,666	77,920	14,746
Bad debts – tenants	35,283	29,734	5,549
Extraordinary maintenance		70,151	(70,151)
Interest on notes	6,180	7,776	(1,596)
Depreciation	<u>1,000,374</u>	<u>1,000,527</u>	<u>(153)</u>
<u>Total operating expenses</u>	<u>4,792,583</u>	<u>4,536,626</u>	<u>255,957</u>
<u>Operating loss</u>	<u>(553,701)</u>	<u>(202,101)</u>	<u>(351,600)</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Capital grants	477,895	961,691	(483,796)
Interest revenue	23,595	23,340	255
Miscellaneous revenue	14,205	15,832	(1,627)
Other government grant	<u>55,104</u>		<u>55,104</u>
<u>Total non-operating revenues</u>	<u>570,799</u>	<u>1,000,863</u>	<u>(430,064)</u>
<u>Change in net assets</u>	<u>17,098</u>	<u>798,762</u>	<u>(781,664)</u>



HOUSING AUTHORITY OF THE CITY OF OPELOUSAS, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
JUNE 30, 2010

**Budgetary Summary**

Budgetary Highlights are as follows:

The final operating budget for fiscal year ended June 30, 2010 showed budgeted expenses exceeding budgeted revenues by \$232,856.

The revenue budget was \$4,581,748 (excluding CFP grants) for fiscal year 2010. The actual revenues exceeded the budgeted revenues by \$113,334.

The expense budget was \$4,814,604 for fiscal year 2010. The budgeted expenses exceeded the actual expenses (excluding depreciation) by \$518,480.

**Capital Asset**

The Authority's total investment in capital assets at June 30, 2010 was \$32,602,985, with accumulated depreciation of \$22,677,292. This results in capital assets, net of accumulated depreciation, of \$9,925,693.

**Future Budget and Economic Outlook**

The Authority is primarily dependent upon HUD for the funding of operations; therefore, the Authority is affected by federal budget and HUD mandates. The capital fund program for 2010 has been approved by HUD and no major changes are expected.

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 administrative fees involved in the modernization.

**Requests for Information**

This report is intended to provide interested parties with a general overview of the finances of the Housing Authority of the City of Opelousas, Louisiana. Questions or requests for further information should be addressed to the Authority at P.O. Box 689, Opelousas, Louisiana 70571-0689.

**Housing Authority of the City of Opelousas**  
**Opelousas, Louisiana**  
**Statement of Net Assets**  
**As of June 30, 2010**

**ASSETS****Current assets**

Cash and cash equivalents	1,840,070
Receivables:	
Tenant rents, net of allowance	13,278
Prepaid insurance and other assets	236,125
Inventory, net of allowance	78,796
Restricted assets - cash and cash equivalents	<u>81,974</u>
<b>Total current assets</b>	<u><b>2,250,243</b></u>

**Noncurrent assets**

## Capital assets:

## Nondepreciable capital assets:

Land	<u>1,327,350</u>
Total nondepreciable capital assets	<u>1,327,350</u>

## Depreciable capital assets:

Buildings and improvements	30,170,727
Furniture and equipment	1,104,908
Less accumulated depreciation	<u>(22,677,292)</u>
Total depreciable capital assets, net of accumulated depreciation	<u>8,598,343</u>

Total capital assets, net of accumulated depreciation	<u>9,925,693</u>
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<b>Total assets</b>	<u><b>12,175,936</b></u>
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(continued)

**Housing Authority of the City of Opelousas**  
**Opelousas, Louisiana**  
**Statement of Net Assets**  
As of June 30, 2010

**LIABILITIES****Current Liabilities**

Accounts payable	161,394
Payable to other governments	92,666
Accrued wages payable	15,905
Accrued compensated absences	39,136
Notes payable	144,449
Security deposit liability	81,974

<b>Total current liabilities</b>	<u>535,524</u>
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**Noncurrent liabilities**

Accrued compensated absences	<u>62,229</u>
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<b>Total noncurrent liabilities</b>	<u>62,229</u>
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<b>Total liabilities</b>	<u>597,753</u>
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**NET ASSETS**

Invested in capital assets, net of related debt	9,925,692
Restricted	-
Unrestricted	<u>1,652,491</u>

<b>Total net assets</b>	<u><u>\$ 11,578,183</u></u>
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The accompanying notes are an integral part of these financial statements.

**Housing Authority of the City of Opelousas**  
Opelousas, Louisiana  
Statement of Revenues, Expenses, and Changes In Net Assets  
For the Year ended June 30, 2010

<b>Operating Revenues</b>	
HUD Operating Grants	\$ 2,544,874
Dwelling Rental	1,265,044
Other Operating	<u>428,964</u>
<b>Total operating revenues</b>	<u>4,238,882</u>
<b>Operating Expenses</b>	
General and administrative	1,588,796
Repairs and maintenance	1,070,377
Utilities	854,775
Tenant services	57,751
Protection services	214,330
Depreciation and amortization	<u>1,006,554</u>
<b>Total operating expenses</b>	<u>4,792,583</u>
<b>Operating income (loss)</b>	(553,701)
<b>Nonoperating Revenues (Expenses):</b>	
Other government grant	55,104
Interest revenue	23,595
Miscellaneous revenues	<u>14,205</u>
<b>Total nonoperating revenues (expenses)</b>	<u>92,904</u>
<b>Income (loss) before other revenues, expenses, gains, losses and transfers</b>	(460,797)
Capital contributions (grants)	477,895
<b>Increase (decrease) in net assets</b>	17,098
<b>Net assets, beginning of year - as restated</b>	<u>11,561,085</u>
<b>Net assets, end of year</b>	<u><u>\$ 11,578,183</u></u>

The accompanying notes are an integral part of these financial statements.

**Housing Authority of the City of Opelousas  
Statement of Cash Flows  
For the Year ended June 30, 2010**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from federal subsidies	\$ 2,667,562
Receipts from tenants	1,706,000
Payments to suppliers	(2,754,672)
Payments to employees	<u>(995,084)</u>
<b>Net cash provided by operating activities</b>	<b><u>623,806</u></b>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Miscellaneous revenues	<u>14,205</u>
<b>Net cash provided by noncapital financing activities</b>	<b><u>14,205</u></b>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Proceeds from capital grants	477,895
Other government grant	55,104
Purchase and construction of capital assets	(1,167,013)
Interest paid on debt	<u>(6,181)</u>
<b>Net cash (used in) capital and related financing activities</b>	<b><u>(640,195)</u></b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest received	<u>23,595</u>
<b>Net cash provided by investing activities</b>	<b><u>23,595</u></b>
Net increase (decrease) in cash and cash equivalents	<u>21,411</u>
<b>Cash and cash equivalents - beginning of year</b>	<b><u>1,900,633</u></b>
Cash and Cash equivalents - unrestricted	1,840,070
Cash and Cash equivalents - restricted	81,974
<b>Total Cash and Cash Equivalents - end of year</b>	<b><u>\$ 1,922,044</u></b>

**Reconciliation of operating income (loss) to net cash provided by operating activities:**

Operating (loss)	\$ (553,701)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:	
Depreciation and amortization	1,000,373
Changes in assets and liabilities:	
HUD receivable	122,688
Tenant rents, net of allowance	(1,289)
Prepaid insurance	6,249
Inventories	(7,668)
Accounts payable	6,791
Accrued wages payable	6,452
PILOT Payable	14,746
Accrued compensated absences	15,884
Security deposit liability	<u>13,281</u>
<b>Net cash provided by operating activities</b>	<b><u>\$ 623,806</u></b>

The accompanying notes are an integral part of the financial statements

**HOUSING AUTHORITY OF THE CITY OF OPELOUSAS**  
Opelousas, Louisiana  
Notes to the Basic Financial Statements  
June 30, 2010

*NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES* The accompanying basic financial statements of the authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

(1) Reporting Entity

The Housing Authority of The City of Opelousas (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. This formation was contingent upon the approval of the city.

The authority is governed by a Board of Commissioners (Board), which is composed of five members appointed by the city and serve five-year staggered terms. The Board of the authority exercises all powers granted to the authority.

GASB Statement No. 14 established criteria for determining the governmental reporting entity. Under 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 GASB 14, 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 disbursements of funds, maintain responsibility for funding deficits and operating deficiencies, and issue bonded debt.

GASB Statements No. 14 and No. 39 establish criteria for determining which, if any, component units should be considered part of the authority for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability, which includes:

## HOUSING AUTHORITY OF THE CITY OF OPELOUSAS

Opelousas, Louisiana

Notes to the Financial Statements, 2010 – Continued

1. Appointing a majority of an organization's governing body, and:
  - a. The ability of the government to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the government.
2. Organizations for which the government does not appoint a voting majority but are fiscally dependant on the government.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the authority has determined that the following component unit should be considered as part of the authority reporting entity:

Opelousas Low Income Housing Management Corporation (OLIHM) is a legally separate entity. This entity was established by the authority to perform services associated with production of low income housing. The authority has the ability to impose its will on the entity.

The authority has determined that OLIHM has no financial statements to report because the entity has had no financial transactions since inception. Had OLIHM financial statements to report they would be included in the authority's financial statements in a blended format.

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.

### (2) Funds

The accounts of the authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

## HOUSING AUTHORITY OF THE CITY OF OPELOUSAS

Opelousas, Louisiana  
Notes to the Financial Statements, 2010 – Continued

All funds of the authority are classified as proprietary. The general fund accounts for transactions of all of the authority's programs.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* 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's enterprise fund are HUD operating grants and subsidies and tenant dwelling rents. Operating expenses include General and Administrative expenses, repairs and maintenance expenses, utilities and depreciation and amortization on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The accompanying basic financial statements of the authority have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB statement No. 34, Basic Financial Statements and Managements discussion and Analysis—for State and Local Governments, which was unanimously approved in June 1999 by the GASB.

### (3) Measurement focus and basis of accounting

Proprietary funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this management focus all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The authority has elected, pursuant to GASB Statement No. 20, to apply all GASB pronouncements and only FASB pronouncements issued before November 30, 1989.

### (4) Assets, liabilities, and net assets

#### (a) Deposits

The authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. HUD regulations, state law and the authority's investment policy allow the housing authority to



## HOUSING AUTHORITY OF THE CITY OF OPELOUSAS

Opelousas, Louisiana  
Notes to the Financial Statements, 2010 – Continued

invest in collateralized certificates of deposit and securities backed by the federal government.

### (b) Inventory and prepaid items

All inventories are valued at cost on a first-in first-out (FIFO) basis. Inventories consist of expendable building materials and supplies held for consumption in the course of the authority's operations.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

### (c) Restricted Assets

Cash equal to the amount of tenant security deposits is reflected as restricted.

### (d) Capital assets

Capital assets of the authority are included in the statement of net assets and are recorded at actual cost. The capitalization threshold is \$500. Depreciation of all exhaustible fixed assets is charged as an expense against operations.

Property, plant, and equipment of the Authority is depreciated using the straight line method over the following estimated useful lives:

Buildings	35 years
Modernization and improvements	15 years
Furniture and equipment	3-7 years

### (e) Due from/to other governments or agencies

Amounts due from/to the authority to/by other governments or agencies are generally for grants or programs under which the services have been provided by the authority. The authority also records an amount due to the various taxing districts within the region for payments in lieu of taxes.

### (f) Allowance for doubtful accounts

The authority provides an allowance for doubtful accounts, as needed, for accounts deemed not collectible. At June 30, 2010, the management of

## HOUSING AUTHORITY OF THE CITY OF OPELOUSAS

Opelousas, Louisiana

Notes to the Financial Statements, 2010 – Continued

the authority established an allowance for doubtful accounts of approximately \$432.

### (g) Compensated absences

It is the authority's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. In accordance with the provisions of GASB Statement No. 16, "*Accounting for Compensated Absences*," vacation pay is accrued when incurred and reported as a liability.

Employees may accumulate an unlimited number of annual leave hours. Depending on their length of service, employees receive payment for up to 300 annual leave hours upon termination or retirement at their then current rate of pay. Employees are not compensated for unused sick leave. The cost of current leave privileges, computed in accordance with GASB Codification Section C60 is recognized as a current year expense when leave is earned.

### (h) Restricted net assets

Net assets are reported as restricted when constraints placed on net asset use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Restricted resources are used first when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

### (i) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the government-wide financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**HOUSING AUTHORITY OF THE CITY OF OPELOUSAS**

Opelousas, Louisiana

Notes to the Financial Statements, 2010 – Continued

**NOTE B – DEPOSITS**

Deposits are stated at cost, which approximates fair value. Under state law and/or federal regulation, these deposits, or the resulting bank balances, must be invested in Federal Securities, secured by federal deposit insurance or secured by the pledge of federal securities. The fair value of the Federal investments plus the fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

As of June 30, 2010, the authority's carrying amount of deposits was \$1,922,044, which includes the following:

Cash and cash equivalents-unrestricted	2.	\$1,840,070
Cash and cash equivalents- restricted	3.	81,974
Total	4.	\$1,922,044

**Interest Rate Risk**—The authority's policy does not address interest rate risk.

**Credit Rate Risk**—Since all of the authority's deposits are federally insured and/or backed by federal securities, the authority does not have credit rate risk.

**Custodial Credit Risk**—This is the risk that in the event of a bank failure, the authority's deposits may not be returned to it. The authority does not have a policy for custodial credit risk. \$867,925 of the authority's total deposits were covered by federal depository insurance, and do not have custodial credit risk. The remaining \$1,085,809 of deposits have custodial credit risk, but were collateralized with securities held by the pledging financial institution trust department or agent. The bank balances at June 30, 2010 totaled \$1,953,734.

**HOUSING AUTHORITY OF THE CITY OF OPELOUSAS**

Opelousas, Louisiana

Notes to the Financial Statements, 2010 – Continued

**NOTE C - CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2010 was as follows:

	<u>6 30 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustment</u>	<u>6 30 2010</u>
<b>Nondepreciable Assets:</b>					
Land	1,327,350				1,327,350
Construction in Progress	-	-	-	-	-
<b>Depreciable Assets:</b>					
Building and improvements	29,216,958	953,768	-		30,170,726
Furniture and equipment	<u>937,693</u>	<u>213,248</u>	<u>46,033</u>	<u>-</u>	<u>1,104,908</u>
Total	<u>31,482,001</u>	<u>1,167,016</u>	<u>46,033</u>	<u>-</u>	<u>32,602,984</u>
Less accumulated depreciation					
Building and improvements	21,160,146	907,921	-	-	22,068,067
Furniture and equipment	<u>521,573</u>	<u>92,452</u>	<u>4,800</u>	<u>-</u>	<u>609,225</u>
Total accumulated depreciation	<u>21,681,719</u>	<u>1,000,373</u>	<u>4,800</u>		<u>22,677,292</u>
Net Capital Assets	<u>9,800,282</u>	<u>166,643</u>	<u>41,233</u>		<u>9,925,692</u>

**NOTE D – CONSTRUCTION COMMITMENTS**

The authority is engaged in a modernization program and has entered into construction type contracts with approximately \$1,925,651 remaining until completion.

**NOTE E – COMPENSATED ABSENCES**

At June 30, 2010, employees of the authority have accumulated and vested \$101,365 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements. \$62,229 is reported in long-term debt.

**HOUSING AUTHORITY OF THE CITY OF OPELOUSAS**

Opelousas, Louisiana

Notes to the Financial Statements, 2010 – Continued

*NOTE F – LONG TERM OBLIGATIONS*

As of June 30, 2010, long term obligations consisted of compensated absences in the amount of \$62,229. The following is a summary of the changes in the long term obligations for the year ended June 30, 2010.

	<b>Compensated Absences</b>
Balance as of July 1, 2009	<u>\$49,081</u>
Additions	29,934
Deductions	<u>(16,786)</u>
Balance as of June 30, 2010 [Long term]	<u>62,229</u>
Amount due in one year [Short term]	<u>\$39,136</u>

*NOTE G – POST EMPLOYMENT RETIREMENT BENEFITS*

The authority does not provide any post employment retirement benefits. Therefore the authority does not include any entries for unfunded actuarial accrued liability, net OPEB expense, or annual contribution required.

*NOTE H – PRIOR PERIOD ADJUSTMENTS AND CORRECTIONS OF ERRORS*

Prior period adjustment – At fiscal year end June 30, 2009 the agency recorded \$90,126 of accounts receivable from HUD for the Capital Fund program in error. This error caused the net assets to be overstated by \$90,126 as of 6-30-2009.

*NOTE I - RETIREMENT PLAN*

The authority participates in the Louisiana Housing Council Group Retirement Plan, administered by Broussard, Bush and Hurst, which is a defined contribution plan. The plan consists of employees of various local and regional housing authorities which are members of the Louisiana Housing Council. Through this plan, the authority provides pension benefits for all of its full-time employees. All full-time employees who have attained age 18 are eligible to participate in the

## HOUSING AUTHORITY OF THE CITY OF OPELOUSAS

Opelousas, Louisiana  
Notes to the Financial Statements, 2010 – Continued

plan on the first day of the month after completing three months of continuous and uninterrupted employment.

Under a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The employer is required to make monthly contributions equal to seven percent of each participant's basic (excludes overtime) compensation. Employees are required to contribute five percent 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.

Normal retirement date shall be the first day of the month following the employee's sixty-fifth birthday. Early retirement may be elected on the first day of any month within 10 years of the employee's normal retirement date, provided the employee has completed five years of service with the authority. With the authority's consent, employees may defer retirement to the first day of any month beyond normal retirement date.

The authority's total payroll for the year ended June 30, 2010, was \$865,997. The authority's contributions were calculated using the base salary amount of \$691,253. The authority made the required contributions of \$48,359 for the year ended June 30, 2010.

### *NOTE J – 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, injuries to employees; and natural disasters. The authority's risk management program encompasses obtaining property and liability insurance.

The authority transfers risk of loss by participating in a public entity risk pool and contracting with a commercial insurance carrier for all major categories of exposed risk.

This includes coverage of property, general liability, public liability, and workers compensation. The risk pool and insurance contracted are obligated to meet settlements up to the maximum coverage, after the authority's deductions are met.

## **HOUSING AUTHORITY OF THE CITY OF OPELOUSAS**

Opelousas, Louisiana

Notes to the Financial Statements, 2010 – Continued

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, there have been no significant claims that have exceeded commercial insurance coverages in any of the past three fiscal years.

### *NOTE K – FEDERAL COMPLIANCE AND OTHER CONTINGENCIES*

The authority is subject to possible examinations by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the entity in the current and prior years. These examinations may result in required refund by the entity to federal grantors and/or program beneficiaries.

As described in Note N, OHA takes the position that the \$144,449 bank loan is not secured by a 1<sup>st</sup> mortgage on a parcel of land owned by OHA, and the bank loan is, in effect, an unsecured debt. OHA has not recorded any contingencies in the event that this OHA position is later proven wrong.

### *NOTE L – SUBSEQUENT EVENTS*

Events that occur after the balance sheet date but before the financial statements were issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events, which provide evidence about conditions that existed after the balance sheet date, require disclosure in the accompanying notes. Management evaluated the activity of the authority through February 11, 2011 and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

### *NOTE M – ECONOMIC DEPENDENCE*

Statement of Financial Accounting Standard (SFAS) No. 14 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenues. The Department of Housing and Urban Development provided \$3,022,769 to the authority, which represents approximately 63% of the authority's total revenue for the year.

**HOUSING AUTHORITY OF THE CITY OF OPELOUSAS**

Opelousas, Louisiana

Notes to the Financial Statements, 2010 – Continued

*NOTE N – SHORT TERM DEBT*

In 2006 OHA executed a credit line note with a bank. OHA purchased a parcel of land and intended to develop low income housing on the land. OHA used loan proceeds to pay for the land parcel and to pay costs associated with low income housing development of the land. Prior to this fiscal year OHA abandoned the effort to develop the land and listed the land for sale.

Whereas the loan documents appear to give the lender a 1<sup>st</sup> mortgage on the land parcel there are legal concerns about whether OHA had the legal authority to place the land and other ACC assets at risk. Both the Annual Contributions Contract (ACC) between OHA and HUD and the 1937 Act of Congress prohibit OHA from placing ACC assets at risk without prior HUD approval.

The loan is reported as a current obligation of OHA because of the loan terms. OHA financial statement reporting does not include the loan in the Net Fixed Assets calculation because OHA takes the position that the loan is not secured by the land parcel.

OHA intends to retire this debt using the proceeds from the sale of the land parcel.

A schedule of changes for this loan is as follows:

Balance as of 7-1-2009	\$144,449
Increases	0
Decreases	0
Balance as of 6-30-2010	\$144,449



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**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**

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

I have audited the financial statements of the Housing Authority of the City of Opelousas (the authority), as of and for the year ended June 30, 2010 and have issued my report thereon dated February 11, 2011. I conducted my audit in accordance with 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the authority's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the authority's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the authority's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questions costs, I identified certain deficiencies in internal control over financial reporting that I consider to be material weaknesses.

## HOUSING AUTHORITY OF THE CITY OF OPELOUSAS

Opelousas, Louisiana

Report on Internal Control...*Government*

*Auditing Standards*, 2010

Page Two

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the authority's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. See Finding F- 2010-1, F-2010-6, F-2010-7, F-2010-11 and F-2010-12.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the authority's financial statements are free of material misstatement, I 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items F- 2010-1, F-2010-6, F-2010-7, F-2010-11 and F-2010-12.

I noted a certain matter that I reported to management of the authority in a separate letter dated February 11, 2011.

The authority's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. I did not audit the authority's response and, accordingly, I express no opinion on the responses.

**HOUSING AUTHORITY OF THE CITY OF OPELOUSAS**

Opelousas, Louisiana

Report on Internal Control... *Government*

*Auditing Standards, 2010*

Page Three

This report is intended solely for the information and use of the board of commissioners and management, others within the organization, the Louisiana Legislative Auditor and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*William Daniel McCaskill*

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William Daniel McCaskill, CPA  
A Professional Accounting Corporation

February 11, 2011

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

I have audited the compliance of the Housing Authority of the City of Opelousas (the authority) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each its major federal programs for the year ended June 30, 2010. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the authority's management. My responsibility is to express an opinion on the authority's compliance based on my audit.

I conducted my 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I 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 I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the authority's compliance with those requirements.

## **HOUSING AUTHORITY OF THE CITY OF OPELOUSAS**

Opelousas, Louisiana

Report on Compliance...A-133, 2010

Page Two

As described in items F-2010-1, F-2010-2, F-2010-4, F-2010-5, F-2010-6, F-2010-7, F-2010-9, F-2010-10, F-2010-11 and F-2010-12 in the accompanying schedule of findings and questioned costs, the authority did not comply with requirements regarding allowable cost/cost principles, eligibility, procurement and suspension and debarment, and special tests and provisions that are applicable to its Public and Indian Housing and Capital Fund Programs. Compliance with such requirements is necessary, in my opinion, for the authority to comply with the requirements applicable to that program.

In my opinion, except for the noncompliance described in the preceding paragraph, the authority complied, in all material respects, with the 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, 2010.

### Internal Control Over Compliance

Management of the authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered the authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance in accordance with OMB circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the authority's internal control over compliance.

My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, I identified certain deficiencies in internal control over compliance that I consider to be material weaknesses.

**HOUSING AUTHORITY OF THE CITY OF OPELOUSAS**

Opelousas, Louisiana  
Report on Compliance...A-133, 2010  
Page Three

*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 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. I consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items F-2010-1, F-2010-2, F-2010-4, F-2010-5, F-2010-6, F-2010-7, F-2010-9, F-2010-10, F-2010-11 and F-2010-12 to be material weaknesses.

The authority's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. I did not audit the authority's response and, accordingly, I express no opinion on the responses.

This report is intended solely for the information and use of the board of commissioners and management, others within the organization, the Louisiana Legislative Auditor and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*William Daniel McCaskill*

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William Daniel McCaskill, CPA  
A Professional Accounting Corporation

February 11, 2011

**HOUSING AUTHORITY OF THE CITY OF OPELOUSAS**

Opelousas, Louisiana

Schedule of Findings and Questioned Costs  
Fiscal Year Ended June 30, 2010**Section I—Summary of Auditor's Results***Financial Statements*

Type of auditor's report issued unqualified

Internal control over financial reporting:

- Material weaknesses identified?   X   yes        no
- Significant deficiencies identified?        yes   X   none reported

Noncompliance material to financial statements noted?

  X   yes        no*Federal Awards*

Internal control over major programs:

- Material weaknesses identified?   X   yes        no
- Significant deficiencies identified?        yes   X   none reported

Type of auditor's report issued on compliance for major programs: qualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?

  X   yes        no

Identification of major programs:

14.850 Public and Indian Housing – Low Rent Program  
 14.872 Capital Fund Program  
 14.885 ARRA – American Recovery and Reinvestment Act

**HOUSING AUTHORITY OF THE CITY OF OPELOUSAS**

Opelousas, Louisiana

Schedule of Current Audit Findings and Questioned Costs (Continued)

Fiscal Year Ended June 30, 2010

The threshold used for distinguishing between Type A and B programs was \$300,000.

Auditee qualified as a low-risk auditee?                      X   yes           no

**SECTION II - FINDINGS - FINANCIAL STATEMENTS AUDIT**

**FINDING F-2010-1**

See SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS  
The finding is considered both a GAS finding and an A-133 finding

**FINDING F-2010-6**

See SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS  
The finding is considered both a GAS finding and an A-133 finding

**FINDING F-2010-7**

See SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS  
The finding is considered both a GAS finding and an A-133 finding

**FINDING F-2010-11**

See SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS  
The finding is considered both a GAS finding and an A-133 finding

**FINDING F-2010-12**

See SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS  
The finding is considered both a GAS finding and an A-133 finding

**SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COST**

**FINDING NUMBER F-2010-1**

**FEDERAL PROGRAM IDENTIFICATION:**

Awarding Agency and Year – HUD CY 2009 & 2010

CFDA Title # 14.850



**HOUSING AUTHORITY OF THE CITY OF OPELOUSAS**

Opelousas, Louisiana

Schedule of Current Audit Findings and Questioned Costs (Continued)

Fiscal Year Ended June 30, 2010

Program Name – Public Housing

**CRITERIA:**

The HUD Annual Contributions Contract (ACC) and the 1937 Housing Act of Congress prohibit OHA from placing Public Housing assets at risk without prior HUD approval.

State Law may require OHA gain prior approval of all loans from the State Bond Commission.

**CONDITION:**

In prior years, OHA executed a bank loan in the amount of \$165,000 but did not 1<sup>st</sup> get HUD approval.

It appears the loan is unsecured since OHA did not have the authority to place Public Housing assets at risk per the ACC and the 1937 Act of Congress, as further described by HUD PIH Notice 2011-14.

The bank who loaned OHA the monies to purchase the property consider that they have a 1<sup>st</sup> mortgage on the property, in violation of the ACC and the 1937 Act of Congress.

All extensions of the loan may constitute additional violations of the ACC and the 1937 Act of Congress.

All interest payments on the loan are disallowable/in question per HUD PIH Notice 2011-14, as follows:

Pre 2010 Fiscal Year	\$ 7,775.52
During the 2010 Fiscal Year	\$ 6,180.68

OHA did not get approval for the loan from the State Bond Commission which may be required by State Law.

Simultaneously with the loan closing OHA purchased a land parcel.

The purchase price was \$88,000, 26% in excess of the most recent appraisal at the time of the closing.

As of 6-30-2010, OHA has not recorded a Declaration of Trust protecting HUD's interest in the property.

**HOUSING AUTHORITY OF THE CITY OF OPELOUSAS**

Opelousas, Louisiana

Schedule of Current Audit Findings and Questioned Costs (Continued)

Fiscal Year Ended June 30, 2010

Subsequent to the initial loan closing in the amount of \$88,000, which represents the land parcel purchase amount, OHA drew additional monies from the loan resulting in the current balance of \$144,429. The additions were coded by OHA as Fixed Assets Increases – Land. These payments appear to be for costs of planning a low income housing development on the land including Developer Consulting Fees and a Homeowner Program Project Manager. As of this fiscal year end OHA determined to abandon the Homeowner Program.

**EFFECT:**

OHA violated the ACC, the 1937 Act of Congress, and possibly State Law by executing documents that appear to pledge ACC assets without prior approval of HUD and the State Bond Commission. It is therefore unclear if the pledge of assets is valid.

OHA apparently executed a loan document which causes the bank to consider the loan to be secured by a 1<sup>st</sup> mortgage on the land when OHA had no legal authority to do so.

OHA is stuck with a parcel of land of questionable value.

The current bank loan balance is more than twice the original appraised value of the land.

I consider this to be a:

Operational Deficiency

Material Weakness

**QUESTIONED COSTS** – \$ 6,180.68 (Current Year loan interest)

**MATERIAL NON COMPLIANCE** – YES

**AUDITOR RECOMMENDATIONS:**

I recommend OHA consider the issues raised above before executing any future legal transactions related to these issues.

**PHA RESPONSE** – See corrective action plan

**HOUSING AUTHORITY OF THE CITY OF OPELOUSAS**

Opelousas, Louisiana

Schedule of Current Audit Findings and Questioned Costs (Continued)

Fiscal Year Ended June 30, 2010

**FINDING NUMBER F-2010-2**

**FEDERAL PROGRAM IDENTIFICATION:**

Awarding Agency and Year – HUD CY 2009 & 2010

CFDA Title # 14.850, 14.872

Program Name – Entity Wide

**CRITERIA:**

The Mayor appoints the OHA board members.

**CONDITION:**

The Mayor of the City of Opelousas appointed to the OHA Board people who are also employed by the City.

**EFFECT:**

These appointments appear to be in violation of LSA R.S. 42:61. These appointments obviously 1) create a conflict of interest, and 2) unduly concentrate OHA decision making with the Mayor.

I consider this to be a:

Operational Deficiency

Material Weakness

**QUESTIONED COSTS – NONE**

**MATERIAL NON COMPLIANCE – YES**

**RECOMMENDATION** – I hereby request that the Louisiana Ethics Commission consider the facts as described, determine whether or not the appointments are in violation of LSA R.S. 42:61, and if they are in violation of this R.S. determine if the appointments were ever valid and effective, and take whatever remedial action the Commission determines appropriate.

**PHA RESPONSE** – See corrective action plan

**HOUSING AUTHORITY OF THE CITY OF OPELOUSAS**

Opelousas, Louisiana

Schedule of Current Audit Findings and Questioned Costs (Continued)

Fiscal Year Ended June 30, 2010

**FINDING NUMBER F-2010-3**

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**FINDING NUMBER F-2010-4**

**FEDERAL PROGRAM IDENTIFICATION:**

Awarding Agency and Year – HUD CY 2009 & 2010

CFDA Title # 14.850

Program Name – Public Housing

**CRITERIA:**

The only housing preference included in OHA's policy is for people homeless due to fire damages.

**CONDITION:**

The OHA waiting list – Preference List for houses in 70% of the cases noted the reason for the preference was "Mayor."

In 1 case the Preference Reason listed a Board Members name.

"Mayor" is not a preference approved by Federal Regulations.

"Board Member" name is not a preference approved by Federal Regulations.

**EFFECT:**

I understand people from this list were to be housed before any others on the waiting list. This practice violated the ACC.

I consider this to be a:

Operational Deficiency

Material Weakness

**QUESTIONED COSTS – NONE**

**HOUSING AUTHORITY OF THE CITY OF OPELOUSAS**

Opelousas, Louisiana

Schedule of Current Audit Findings and Questioned Costs (Continued)

Fiscal Year Ended June 30, 2010

**MATERIAL NON COMPLIANCE – YES**

**AUDITOR RECOMMENDATIONS:**

I recommend elected and appointed officials allow OHA staff to perform their duties in compliance with laws and regulations and without undue influence.

I request that the Louisiana Ethics Commission consider the circumstances as described in this finding and take any appropriate action.

**PHA RESPONSE** – See corrective action plan

**HOUSING AUTHORITY OF THE CITY OF OPELOUSAS**

Opelousas, Louisiana

Schedule of Current Audit Findings and Questioned Costs (Continued)

Fiscal Year Ended June 30, 2010

**FINDING NUMBER F-2010-5****FEDERAL PROGRAM IDENTIFICATION:**

Awarding Agency and Year – HUD CY 2009 &amp; 2010

CFDA Title # 14.850

Program Name – Public Housing

**CRITERIA:**

Day to day operations at OHA should be conducted by OHA staff without undue influence from board members. Board member responsibilities do not, in any way, include day to day operations.

**CONDITION:**

As reported in previous audit reports, the Board of Commissioners continues to micro manage OHA and unduly involve themselves in day-to-day operations at OHA. One result is that OHA has spent unreasonable amounts of monies on Commissioners "pet projects" that do not address core issues of the OHA purpose for existence. Examples include material wasted expenditures for 1) a marching band, and 2) costs charged to protective services that are not reasonably within the scope of the OHA security personnel.

Estimates of disallowable expenditures are \$ 86,652 for the marching band and \$377,804 for the security costs.

The same conditions of this Finding were described in the Prior Audit Management Letter Comment titled "Function of Board Members." Review of board minutes reveals that some of these prior year disallowable expenditures were possibly executed by the former executive director and the Former Board Chairman without approval of the entire board.

**The problem of Board Members unduly influencing day to day operations is continuing even while I compose this audit report.**

During my audit I 1) communicated with HUD staff members, 2) reviewed communication between OHA and HUD, and 3) performed other audit procedures resulting in my opinion that **current pet projects of one particular commissioner at this time are:**

- A) That OHA security staff begin arresting residents.

**HOUSING AUTHORITY OF THE CITY OF OPELOUSAS**

Opelousas, Louisiana

Schedule of Current Audit Findings and Questioned Costs (Continued)

Fiscal Year Ended June 30, 2010

I opine that OHA security staff has not been granted authority to arrest residents.

The commissioner has stated that if OHA staff does not begin arresting people then OHA staff will be fired.

I note that any one commissioner does not have the authority to fire any OHA staff member.

However, this situation places OHA staff in the position of complying with illegal demands of a commissioner or risk the possibility of being fired.

And that:

B) OHA house his nephew rent free:

This commissioner encouraged OHA to secure HUD approval to house a law enforcement employee rent free ostensibly in order to demonstrate additional law enforcement presence at OHA.

When HUD approved setting aside 1 apartment as rent free for a law enforcement employee, the commissioner immediately began pressuring OHA staff to select his nephew for the rent free apartment based on the assertion that his nephew is employed by the Sheriff's Department.

This places OHA staff in the position of ignoring OHA Occupancy Policy, ignoring the obvious conflicts of interest in this case, or satisfying a member of the governing board.

**EFFECT:**

OHA wasted material resources for questioned/questionable/disallowable costs.

Commissioners continue to attempt undue influence on day to day operations.

OHA staff members continue to have to decide whether or not to perform questionable acts, acts constituting conflicts of interest, or defy the wishes of the OHA governing board and risk possible termination.

I consider this to be a:

Operational Deficiency

Material Weakness

**HOUSING AUTHORITY OF THE CITY OF OPELOUSAS**

Opelousas, Louisiana

Schedule of Current Audit Findings and Questioned Costs (Continued)

Fiscal Year Ended June 30, 2010

**QUESTIONED COSTS -- \$347,647**

Marching Band fiscal year questioned costs:	\$41,952
Security fiscal year questioned costs:	\$305,695

**MATERIAL NON COMPLIANCE – YES****AUDITOR RECOMMENDATIONS:**

I recommend elected and appointed officials allow OHA staff to perform their duties in compliance with laws and regulations without undue influence.

I recommend the board only approve expenditures for OHA core mission activities that are clearly allowable costs.

I recommend that commissioners stop meddling in day to day operations of OHA. Meddling has resulted in wasted time spent by OHA staff and ridiculous amounts of wasted unallowable expenditures by OHA. OHA staff does not have unlimited time to spend and OHA does not have unlimited resources to pay for pet projects of commissioners.

I recommend the Mayor consider terminating for cause the board appointment of any commissioner who will not discontinue meddling in the day to day operations of OHA.

I request that the Louisiana Board of Ethics consider whether the circumstances as presented in this finding warrant consideration by the Board of Ethics.

**PHA RESPONSE – See corrective action plan**



**HOUSING AUTHORITY OF THE CITY OF OPELOUSAS**

Opelousas, Louisiana

Schedule of Current Audit Findings and Questioned Costs (Continued)

Fiscal Year Ended June 30, 2010

**FINDING NUMBER F- 2010-6**

**FEDERAL PROGRAM IDENTIFICATION:**

Awarding Agency and Year – HUD CY 2009 & 2010

CFDA Title #14.850 AND 14.872

Program Name – Public and Indian Housing, Capital Fund Program

**CRITERIA:**

OHA procurement must be in compliance with Federal Regulations, State Law, and the OHA Procurement Policy

**CONDITION:**

OHA procurement testing revealed numerous instances of improper procurement procedures.

**EFFECT:**

OHA procurement tested revealed instances of violation of Federal Regulations, State Laws, and the OHA Procurement Policy.

I consider this to be a:

Operational Deficiency

Material Weakness

**QUESTIONED COSTS – \$472,171**

**MATERIAL NON COMPLIANCE – YES**

**AUDITOR RECOMMENDATIONS:**

Regarding procurement, I recommend that OHA document strict compliance with Federal Regulation, State Law, and the OHA Procurement Policy.

**PHA RESPONSE – See corrective action plan**

**HOUSING AUTHORITY OF THE CITY OF OPELOUSAS**

Opelousas, Louisiana

Schedule of Current Audit Findings and Questioned Costs (Continued)

Fiscal Year Ended June 30, 2010

**FINDING NUMBER F-2010-7**

**FEDERAL PROGRAM IDENTIFICATION:**

Awarding Agency and Year – HUD CY 2009 & 2010

CFDA Title # 14.850, 14.872

Program Name – Entity Wide

**CRITERIA:**

As a Local Governmental Entity receiving and expending public monies, OHA should make every effort to comply with Federal Regulation, State Laws, and OHA policies including employment of staff members at reasonable rates and confirming work attendance.

**CONDITION:**

The former Executive Director may have been paid full time wages for part time work, did not provide timesheets, was paid a clothing allowance that may not have been reasonable, and, when the Board of Commissioners terminated him as ED they executed a 4 year consulting contract with him at \$55,000 per year.

**EFFECT:**

OHA does not exhibit adequate internal controls regarding 1) considering reasonableness of compensation for staff members and 2) monitoring and confirming staff member time spent performing OHA duties.

I consider this to be a:

Operational Deficiency

Material Weakness

**QUESTIONED COSTS – \$121,689.**

**MATERIAL NON COMPLIANCE – YES**

**HOUSING AUTHORITY OF THE CITY OF OPELOUSAS**

Opelousas, Louisiana

Schedule of Current Audit Findings and Questioned Costs (Continued)

Fiscal Year Ended June 30, 2010

**AUDITOR RECOMMENDATIONS:**

I recommend that OHA make every effort to comply with Federal Regulation, State Law, and the OHA Procurement Policy in matters involving employee hiring, compensation, and attendance.

**PHA RESPONSE** – see corrective action plan

**FINDING NUMBER F-2010-8**

INTENTIONALLY BLANK

**HOUSING AUTHORITY OF THE CITY OF OPELOUSAS**

Opelousas, Louisiana

Schedule of Current Audit Findings and Questioned Costs (Continued)

Fiscal Year Ended June 30, 2010

**FINDING NUMBER F-2010-9**

**FEDERAL PROGRAM IDENTIFICATION:**

Awarding Agency and Year – HUD CY 2009 & 2010

CFDA Title # 14.850

Program Name – Public and Indian Housing

**CRITERIA:**

The ACC requires OHA to execute depository agreements with all banking institutions where OHA places funds on deposit. The depository agreement is a HUD form that protects HUD's rights in certain circumstances.

**CONDITION:**

OHA has not executed Depository Agreements with 4 of the 7 banks holding deposits of OHA.

**EFFECT:**

The lack of Depository Agreements results in undue risk of loss to HUD and is a violation of the ACC.

I consider this to be a:

Operational Deficiency

Material Weakness

**QUESTIONED COSTS – NONE**

**MATERIAL NON COMPLIANCE – YES**

**AUDITOR RECOMMENDATIONS:**

I recommend OHA execute depository agreements with all banks holding OHA funds on deposit.

**PHA RESPONSE – See corrective action plan**

**HOUSING AUTHORITY OF THE CITY OF OPELOUSAS**

Opelousas, Louisiana

Schedule of Current Audit Findings and Questioned Costs (Continued)

Fiscal Year Ended June 30, 2010

**FINDING NUMBER F-2010-10**

**FEDERAL PROGRAM IDENTIFICATION:**

Awarding Agency and Year – HUD CY 2009 & 2010

CFDA Title # 14.850

Program Name – Public Housing

**CRITERIA:**

HUD regulations require that OHA follow a prescribed method to document the amount of rent tenants should pay.

**CONDITION:**

Testing of tenant file documentation resulted in this finding that deficiencies exist in rent calculation at OHA.

**EFFECT:**

Some OHA residents are not paying the correct amount of rent on a monthly basis.

I consider this to be a:

Operational Deficiency

Material Weakness

**QUESTIONED COSTS – NONE**

**MATERIAL NON COMPLIANCE – YES**

**PERSPECTIVE:**

We tested 38 tenant files and found that 4 of those tested identified incorrect tenant rent amounts. OHA administers 690 units of Public Housing.

**AUDITOR RECOMMENDATIONS:**

I recommend OHA conduct a review of tenant rent calculations and immediately correct rent amounts.

**PHA RESPONSE –** See corrective action plan

**HOUSING AUTHORITY OF THE CITY OF OPELOUSAS**

Opelousas, Louisiana

Schedule of Current Audit Findings and Questioned Costs (Continued)

Fiscal Year Ended June 30, 2010

**FINDING NUMBER F-2010-11**

**FEDERAL PROGRAM IDENTIFICATION:**

Awarding Agency and Year – HUD CY 2009 & 2010

CFDA Title # 14.850

Program Name – Public Housing

**CRITERIA:**

Costs charged to federal programs must be allowable and properly documented in order to comply with Federal Regulations.

**CONDITION:**

My audit testing of costs charged to Extraordinary Maintenance revealed that \$299,050 of the charges were not properly documented.

I tested all transactions charged to this account in excess of \$25,000 during the fiscal year. In the case of each of these transactions, contractor A provided contract administration type services to OHA as described in Finding 2010-12.

In testing these 7 transactions I noted the following deficiencies:

6 of 7 did not have adequate supporting documentation in file.

1 of these tested included a change order that was not signed or approved on the file copy.

1 of these tested included a periodic pay request that was unsigned.

I noted 1 instance whereby a bid bond of 5% for contractor C was paid by a check issued by contractor B. I noted a number of cases where periodic pay requests from contractor C were faxed from the office of contractor B. I include this circumstance in the finding because I received a confidential letter alleging improprieties concerning OHA and specifically identifying Contractors A, B, & C.

**EFFECT:**

OHA is in violation of Federal Regulations, State Law, and the OHA procurement policy for some or all of the amounts identified.

**HOUSING AUTHORITY OF THE CITY OF OPELOUSAS**

Opelousas, Louisiana

Schedule of Current Audit Findings and Questioned Costs (Continued)

Fiscal Year Ended June 30, 2010

I consider this to be a:

Operational Deficiency

Material Weakness

**QUESTIONED COSTS – \$299,050.**

**MATERIAL NON COMPLIANCE – YES**

**PERSPECTIVE:**

The total costs charged to this account this fiscal year totaled \$403,000.

**AUDITOR RECOMMENDATIONS:**

I recommend that in the future OHA make every effort to comply with Federal Regulation, State Law, and OHA Procurement Policy

**PHA RESPONSE – See corrective action plan**

**HOUSING AUTHORITY OF THE CITY OF OPELOUSAS**

Opelousas, Louisiana

Schedule of Current Audit Findings and Questioned Costs (Continued)

Fiscal Year Ended June 30, 2010

**FINDING NUMBER F-2010-12**

**FEDERAL PROGRAM IDENTIFICATION:**

Awarding Agency and Year – HUD CY 2009 & 2010

CFDA Title # 14.872

Program Name – Capital Fund Program

**CRITERIA:**

Costs charged to federal programs must be allowable, procured using acceptable methods allowing for competition, and all phases of the transaction properly documented in order to comply with Federal Regulations, State Law, and the OHA Procurement Policy.

**CONDITION:**

OHA entered into a Professional Services Contract whereby the contractor (contractor A) responsibilities included organizing and conducting public bidding for construction work including evaluating and rating construction bids on Capital Fund Program (CFP) work.

I noted the following circumstances:

1) In a meeting between OHA management, a Professional Services Contractor "contractor A", and a construction contractor (contractor B); contractor A asserted that contractor B "...was doing a good job...we would have to make sure that contractor B be awarded all of the upcoming contracts."

2) My testing of 4 procurement actions overseen by contractor A on behalf of OHA revealed that each of the 4 procurement actions OHA was unable to provide adequate documentation (in some cases no documentation) to support the procurement action. Documentation deficiencies included:

No evidence of public advertising for bids for each of the 4 contracts tested.

In one procurement action there was only one bid form, completed by contractor B. The file completed by contractor A described the work as emergency work with no documents to support the emergency designation.

In one procurement action there were only 2 documents provided identified as bids. They were actually one page invoice forms not signed by the fence contractors submitting the bids. The bids were for \$92,000 and \$95,000.

In 1 procurement action contractor A identified the work as emergency repairs and that a local contractor with PHA experience should be used.



**HOUSING AUTHORITY OF THE CITY OF OPELOUSAS**

Opelousas, Louisiana

Schedule of Current Audit Findings and Questioned Costs (Continued)

Fiscal Year Ended June 30, 2010

3) My testing of contractor A billing reveals that contractor A was paid a fee of 8% for all charges to the Federal Program paying the bill. Federal Regulation prohibits payment of this fee for certain purchases such as refrigerators and similar equipment.

4) In a cursory review of random selected, relatively small OHA contracts with contractor B, it appears that 1) contractor B consistently beat 2 other bidder prices by a narrow margin, and 2) the bid documents submitted by all bidders were on the same preprinted form (which is in fact a preprinted invoice form), 1 page in total, and all are unsigned by the bidder.

**EFFECT:**

1) "Making sure" a particular construction contractor is awarded work in cases where public bidding is required is in violation of procurement requirements including Federal Regulations 24 CFR 85:36, State Law, and the OHA Procurement Policy. If this circumstance proves to be correct this may be a criminal violation.

2) The lack of adequate procurement documentation is in violation of Federal Regulations, State Law, and the OHA Procurement Policy.

3) Payment of a fee to contractor A for prohibited items constitutes a violation of Federal Regulation.

I consider this to be a:

Operational Deficiency

Material Weakness

**QUESTIONED COSTS – \$133,000**

**MATERIAL NON COMPLIANCE – YES**

**AUDITOR RECOMMENDATIONS:**

I recommend OHA make every effort in the future to comply with Federal Regulation, State law, and the OHA Procurement Policy.

**PHA RESPONSE – See corrective action plan**

**HOUSING AUTHORITY OF THE CITY OF OPELOUSAS**  
Opelousas, Louisiana

Schedule of Prior Year Audit Findings  
Fiscal Year Ended June 30, 2010

**Finding 2009 – F1**

Unreceipted Travel Disbursements

This finding mostly described credit card abuses by board of commission members. When the current Executive Director was hired she had each board member voluntarily turn in each of their OHA credit cards to management and the credit cards were destroyed.

This finding is not repeated.

**Finding 2009- F2**

Possible violation of open meetings law by commissioners

This finding is not repeated.

# HOUSING AUTHORITY OF THE CITY OF OPELOUSAS

Opelousas, Louisiana

Corrective Action Plan for Current Year Findings

For Fiscal Year Ended June 30, 2010

**Audit Finding F-2010-1**

After review of PIH NOTICE-14, Opelousas Housing Authority agrees with the facts as described in the auditors' findings.

**CORRECTIVE ACTION PLAN:**

Responsible Party-Joe Ann Tyler, Executive Director

The Executive Director will refer this finding to Legal Counsel for compliance.

**Audit Finding F-2010-2**

After review of LSA R.S. 42:61, Opelousas Housing Authority agrees with the facts as described in the auditors' finding.

**CORRECTIVE ACTION PLAN:**

Responsible Party-Joe Ann Tyler, Executive Director

The Board of Commissioners is appointed by the Mayor of the City of Opelousas. This finding will be referred to the Mayor and the OHA Attorney for compliance.

**Audit Finding F-2010-3**

INTENTIONALLY BLANK

**Audit Finding F-2010-4**

OHA agrees with this finding

**CORRECTIVE ACTION PLAN:**

Responsible Party-Joe Ann Tyler, Executive Director

Immediately upon becoming aware of the preference list in use, I instructed OHA Staff to discontinue use of such list. The Preference list has been reorganized to

## HOUSING AUTHORITY OF THE CITY OF OPELOUSAS

Opelousas, Louisiana

Corrective Action Plan for Current Year Findings (continued)

For Fiscal Year Ended June 30, 2010

only include families whose original application for housing included reasons qualifying them for the "Fire Preference" as per OHA's ACOP.

### **Audit Finding F-2010-5**

OHA agrees with this finding.

#### **CORRECTIVE ACTION PLAN:**

Responsible Party-OHA Board of Commissioners

All Board Members have been issued a Commissioners Handbook prepared by NARHO. NARHO has offered on-site training to the Commissioners. All of the new Board Members have signed up for this on-site training scheduled for May 3, 4, & 5, 2011. As a result of this training, my hope is that OHA Commissioners will be made aware of their duties and responsibilities as a Board Commissioner.

### **Audit Finding F-2010-6**

OHA agrees with this finding.

#### **CORRECTIVE ACTION PLAN:**

Responsible Party-Joe Ann Tyler, Executive Director

On July 21, 2010, OHA adopted by Board Resolution#072110-A, a new Procurement Policy

Since I became the Executive Director at OHA all procurement is in compliance with Federal Regulation, State Law, and the OHA Procurement Policy. When questions arise about the propriety of any particular procurement, I request guidance from HUD Staff, the OHA Attorney, the OHA Auditor and other Executive Directors. OHA is committed to Compliance.

### **Audit Finding F-2010-7**

OHA agrees with this finding.

#### **CORRECTIVE ACTION PLAN:**

**HOUSING AUTHORITY OF THE CITY OF OPELOUSAS**

Opelousas, Louisiana

Corrective Action Plan for Current Year Findings (continued)

For Fiscal Year Ended June 30, 2010

Responsible Party-Joe Ann Tyler, Executive Director

Completion Date: May 6, 2010

Since May 6, 2010 the board has not approved any employment or consultant contracts that appear to be unreasonable regarding the compensation rate, terms, services provided, and whose services are not addressing OHA's core responsibilities to Residents.

**Audit Finding F-2010-8**

INTENTIONALLY BLANK

**Audit Finding F-2010-9**

OHA agrees with this finding.

**CORRECTIVE ACTION PLAN:**

Responsible Party-Joe Ann Tyler, Executive Director

Anticipated Completion Date: March 28, 2011

On March 28, 2011 OHA will execute Depository Agreements with all banks holding deposits of OHA. OHA will pay particular attention to this requirement if we do business with any new banks in the future.

**Audit Finding F-2010-10**

OHA agrees with this finding

**CORRECTIVE ACTION PLAN:**

Responsible Party-Joe Ann Tyler, Executive Director

## HOUSING AUTHORITY OF THE CITY OF OPELOUSAS

Opelousas, Louisiana

Corrective Action Plan for Current Year Findings (continued)

For Fiscal Year Ended June 30, 2010

I have scheduled additional outside training for all staff members involved in tenant files, including accurate rent calculations. After a reasonable time with adequate training and staff continue to make errors in tenant files and rent calculation, this will be made a part of the employee's personnel file for consideration of future compensation and or continued employment with OHA.

### **Audit Finding F-2010-11**

OHA agrees with this finding

#### **CORRECTIVE ACTION PLAN:**

Responsible Party-Joe Ann Tyler, Executive Director

Since my employment at OHA, I have made every effort to ensure OHA's Procurement and payment to vendor invoices is in compliance with Federal Regulation, State Law, and the OHA Procurement Policy.

On July 21, 2010, at my initiative, the OHA board of commissioners approved a new OHA Procurement Policy with tougher standards. OHA is committed to being Compliant in the future.

### **Audit Finding F-2010-12**

OHA agrees with this finding

#### **CORRECTIVE ACTION PLAN:**

Responsible Party-Joe Ann Tyler, Executive Director

Since my employment at OHA, I have made every effort to ensure OHA's Procurement and payment to vendor invoices is in compliance with Federal Regulation, State Law, and the OHA Procurement Policy.

On July 21, 2010, at my initiative, the OHA board of commissioners approved a new OHA Procurement Policy with tougher standards. OHA is committed to being Compliant in the future.

**HOUSING AUTHORITY OF THE CITY OF OPELOUSAS**  
Opelousas, Louisiana

Schedule of Compensation Paid to Board Members  
Fiscal Year Ended June 30, 2010

Board members serve without compensation

SCHEDULE 5

**Housing Authority of the City of Opelousas**  
**Opelousas, Louisiana**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2010**

<i>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</i>	<i>CFDA #</i>	<i>Federal Expenditures</i>
<b>U.S. Department of Housing and Urban Development:</b>		
Direct Programs:		
Low Rent Public Housing	14.850	\$ 2,404,256
Public Housing Capital Fund Program	14.872	371,613
ARRA - American Recovery and Reinvestment Act	14.885	246,900
<b>U.S. Department of Homeland Security, Federal Emergency Management Agency (FEMA)</b>		
Passed through the Governor's Office of Homeland Security and Emergency Preparedness		
Public Assistance Grants	97.036	55,104
 Total Federal Expenditures		 <u>\$ 3,077,873</u>

See accompanying notes to schedule of expenditures of federal awards.



**HOUSING AUTHORITY OF THE CITY OF OPELOUSAS**  
Opelousas, Louisiana

Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2010

**NOTE A – General**

The accompanying Schedule of Expenditures of Federal Awards presents all of the Federal awards programs of the Authority. The authority reporting entity is defined in Note 1 to the basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies are included in this schedule.

**NOTE B – Basis of accounting**

The accompanying Schedule of Expenditures of Federal Awards Programs is presented using the accrual basis of accounting, which is described in Note 1 to the authority's basic financial statements.

**NOTE C – Relationship to Basic Financial Statements**

Federal awards revenues are reported in the authority's basic financial statements as follows:

Low Rent Public Housing	\$2,404,256
Public Housing Capital Fund Program	\$ 371,613
ARRA - American Recovery and Reinvestment Act	\$ 246,900
FEMA - Public Assistance Grants	\$ 55,104

**NOTE D – Relationship to Federal Financial Reports**

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with GAAP.

**NOTE E- FEDERAL AWARDS**

For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures. In accordance with HUD Notice PIH 9814, "federal awards" do not include the authority's operating income from rents or investments (or other Non-federal sources). In addition, the entire amount of operating subsidy received and/or accrued during the fiscal year is considered to be expended during the fiscal year.

Housing Authority of City of Opelousas (LA055)  
 OPELOUSAS, LA

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2010

	Project Total	14 865 Formula Capital Fund Stimulus Grant	8 Other Federal Program 1	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$1,615,733			\$224,337	\$1,840,070	\$0	\$1,840,070
112 Cash - Restricted - Modernization and Development							
113 Cash - Other Restricted							
114 Cash - Tenant Security Deposits	\$81,974				\$81,974		\$81,974
115 Cash - Restricted for Payment of Current Liabilities							
100 Total Cash	\$1,697,707	\$0	\$0	\$224,337	\$1,922,044	\$0	\$1,922,044
121 Accounts Receivable - PHA Projects							
122 Accounts Receivable - HUD Other Projects							
124 Accounts Receivable - Other Government							
125 Accounts Receivable - Miscellaneous							
126 Accounts Receivable - Tenants	\$13,710				\$13,710		\$13,710
126.1 Allowance for Doubtful Accounts - Tenants	\$-432				\$-432		\$-432
126.2 Allowance for Doubtful Accounts - Other							
127 Notes, Loans, & Mortgages Receivable - Current							
128 Fraud Recovery							
128.1 Allowance for Doubtful Accounts - Fraud							
129 Accrued Interest Receivable							
120 Total Receivables: Net of Allowances for Doubtful Accounts	\$13,278	\$0	\$0	\$0	\$13,278	\$0	\$13,278
131 Investments - Unrestricted							
132 Investments - Restricted							
135 Investments - Restricted for Payment of Current Liability							
142 Prepaid Expenses and Other Assets	\$207,212			\$28,913	\$236,125		\$236,125
143 Inventories	\$78,795				\$78,795		\$78,795
143.1 Allowance for Obsolete Inventories	\$0				\$0		\$0
144 Inter Program Due From							
145 Assets Held for Sale							
150 Total Current Assets	\$1,986,993	\$0	\$0	\$253,250	\$2,250,243	\$0	\$2,250,243

161 Land	\$1,100,772				\$226,578	\$1,327,350	\$1,327,350
162 Buildings	\$28,777,319			\$1,393,408		\$30,170,727	\$30,170,727
163 Furniture, Equipment & Machinery - Dwellings	\$586,111			\$88,338		\$674,449	\$674,449
164 Furniture, Equipment & Machinery - Administration	\$213,756			\$216,703		\$430,459	\$430,459
165 Leasehold Improvements							
166 Accumulated Depreciation	-\$21,351,675			-\$1,325,617		-\$22,677,292	-\$22,677,292
167 Construction in Progress							
168 Infrastructure							
160 Total Capital Assets, Net of Accumulated Depreciation	\$9,326,283	\$0		\$699,410		\$9,925,693	\$9,925,693
171 Notes, Loans and Mortgages Receivable - Non-Current							
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due							
173 Grants Receivable - Non Current							
174 Other Assets				\$0		\$0	\$0
175 Investments in Joint Ventures							
180 Total Non-Current Assets	\$9,326,283	\$0		\$699,410		\$9,925,693	\$9,925,693
190 Total Assets	\$11,323,276	\$0		\$892,660		\$12,175,936	\$12,175,936
311 Bank Overdraft						\$0	\$0
312 Accounts Payable <= 90 Days	\$139,490			\$21,904		\$161,394	\$161,394
313 Accounts Payable >90 Days Past Due	88,388					\$15,905	\$15,905
321 Accrued Wage/Payroll Taxes Payable						\$39,136	\$39,136
322 Accrued Compensated Absences - Current Portion	\$25,093			\$14,043			
324 Accrued Contingency Liability							
325 Accrued Interest Payable							
331 Accounts Payable - HUD PHA Programs							
332 Account Payable - PHA Projects							
333 Accounts Payable - Other Government	\$92,666					\$92,666	\$92,666
341 Tenant Security Deposits	\$81,974					\$81,974	\$81,974
342 Deferred Revenues							
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds							
344 Current Portion of Long-term Debt - Operating Borrowings							
345 Other Current Liabilities							
346 Accrued Liabilities - Other							
347 Inter Program - Due To							
348 Loan Liability - Current				\$144,449		\$144,449	\$144,449
310 Total Current Liabilities	\$347,611	\$0		\$187,913		\$535,524	\$535,524

351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue									
352	Long-term Debt, Net of Current - Operating Borrowings									
353	Non-current Liabilities - Other	\$31,261								
354	Accrued Compensated Absences - Non Current		\$30,968			\$62,229				\$62,229
355	Loan Liability - Non Current									
356	FASB 5 Liabilities									
357	Accrued Pension and OPEB Liabilities									
350	Total Non-Current Liabilities	\$31,261	\$0	\$0	\$30,968	\$62,229	\$0	\$0	\$0	\$62,229
300	Total Liabilities	\$378,672	\$0	\$0	\$218,881	\$597,753	\$0	\$0	\$0	\$597,753
508 1	Invested In Capital Assets, Net of Related Debt	\$9,326,282								
509 2	Fund Balance Reserved				\$599,410	\$9,925,692	\$0	\$0	\$0	\$9,925,692
511.2	Unreserved, Designated Fund Balance									
511.1	Restricted Net Assets									
512 1	Unrestricted Net Assets	\$1,618,122	\$0	\$0	\$34,369	\$1,652,491	\$0	\$0	\$0	\$1,652,491
512.2	Unreserved, Undesignated Fund Balance									
513	Total Equity/Net Assets	\$10,944,404	\$0	\$0	\$633,779	\$11,578,183	\$0	\$0	\$0	\$11,578,183
600	Total Liabilities and Equity/Net Assets	\$11,323,276	\$0	\$0	\$852,660	\$12,175,936	\$0	\$0	\$0	\$12,175,936

Housing Authority of City of Opelousas (LA055)  
 OPELOUSAS, LA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2010

	Project Total	14,885 Formula Capital Fund Stimulus Grant	B Other Federal Program 1	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$1,265,044				\$1,265,044		\$1,265,044
70400 Tenant Revenue - Other	\$428,964				\$428,964		\$428,964
70500 Total Tenant Revenue	\$1,694,008	\$0	\$0	\$0	\$1,694,008	\$0	\$1,694,008
70600 HUD PHA Operating Grants	\$2,544,874				\$2,544,874		\$2,544,874
70610 Capital Grants	\$230,995	\$246,900			\$477,895		\$477,895
70710 Management Fee				\$360,677	\$360,677	-\$360,677	\$0
70720 Asset Management Fee				\$82,800	\$82,800	-\$82,800	\$0
70730 Book Keeping Fee				\$60,435	\$60,435	-\$60,435	\$0
70740 Front Line Services Fee							
70750 Other Fees							
70730 Total Fee Revenue				\$503,912	\$503,912	-\$503,912	\$0
70800 Other Government Grants			\$55,104		\$55,104		\$55,104
71100 Investment Income - Unrestricted	\$16,132			\$7,463	\$23,595		\$23,595
71200 Mortgage Interest Income							
71300 Proceeds from Disposition of Assets Held for Sale							
71310 Cost of Sale of Assets							
71400 Fraud Recovery				\$14,205	\$14,205		\$14,205
71500 Other Revenue							
71600 Gain or Loss on Sale of Capital Assets							
72000 Investment Income - Restricted							
70000 Total Revenue	\$4,486,009	\$246,900	\$55,104	\$525,580	\$5,313,593	-\$503,912	\$4,809,681
91100 Administrative Salaries	\$166,097			\$200,226	\$366,313		\$366,313
91200 Auditing Fees	\$6,825			\$2,275	\$9,100		\$9,100
91300 Management Fee	\$360,676			\$360,676	\$360,676	-\$360,676	\$0
91310 Book-keeping Fee	\$60,435			\$60,435	\$60,435	-\$60,435	\$0
91400 Advertising and Marketing							
91500 Employee Benefit contributions - Administrative	\$48,959			\$46,968	\$95,927		\$95,927

91600 Office Expenses	\$30,310		\$53,396	\$83,706		\$83,706
91700 Legal Expense			\$43,993	\$43,993		\$43,993
91800 Travel	\$39,647		\$18,345	\$47,992		\$47,992
91810 Allocated Overhead						
91800 Other	\$208,784		\$185,031	\$391,825		\$391,825
91000 Total Operating - Administrative	\$909,733	\$0	\$550,234	\$1,459,967	-\$421,111	\$1,038,856
92000 Asset Management Fee	\$82,800			\$82,800		\$0
92100 Tenant Services - Salaries	\$35,751		\$35,751			\$35,751
92200 Relocation Costs						
92300 Employee Benefit Contributions - Tenant Services	\$17,622			\$17,622		\$17,622
92400 Tenant Services - Other	\$4,304		\$74	\$4,378		\$4,378
92500 Total Tenant Services	\$57,677	\$0	\$74	\$57,751	\$0	\$57,751
93100 Water	\$163,316		\$1,358	\$164,673		\$164,673
93200 Electricity	\$625,338		\$29,141	\$654,479		\$654,479
93300 Gas	\$33,795		\$1,828	\$35,623		\$35,623
93400 Fuel						
93500 Labor						
93600 Sewer						
93700 Employee Benefit Contributions - Utilities						
93800 Other Utilities Expense						
93000 Total Utilities	\$832,448	\$0	\$32,327	\$864,775	\$0	\$864,775
94100 Ordinary Maintenance and Operations - Labor	\$465,055		\$34,629	\$499,684		\$499,684
94200 Ordinary Maintenance and Operations - Materials and Other	\$245,065		\$3,922	\$248,987		\$248,987
94300 Ordinary Maintenance and Operations Contracts	\$123,436		\$1,419	\$124,855		\$124,855
94500 Employee Benefit Contributions - Ordinary Maintenance	\$176,921		\$18,930	\$196,851		\$196,851
94000 Total Maintenance	\$1,010,477	\$0	\$59,900	\$1,070,377	\$0	\$1,070,377
95100 Protective Services - Labor	\$91,102		\$2,234	\$93,336		\$93,336
95200 Protective Services - Other Contract Costs	\$20,548		\$6,700	\$27,248		\$27,248
95300 Protective Services - Other	\$69,639		\$682	\$70,601		\$70,601
95500 Employee Benefit Contributions - Protective Services	\$23,145			\$23,145		\$23,145
95000 Total Protective Services	\$204,434	\$0	\$9,866	\$214,330	\$0	\$214,330
96110 Property Insurance	\$276,250		\$40,627	\$316,877		\$316,877
96120 Liability Insurance	\$375		\$125	\$500		\$500
96130 Workmen's Compensation	\$20,061		\$6,666	\$26,747		\$26,747







# **HOUSING AUTHORITY OF THE CITY OF OPELOUSAS**

Opelousas, Louisiana  
Fiscal Year Ended June 30, 2010

## **STATUS OF PRIOR MANAGEMENT LETTER COMMENTS:**

### **Use of Housing Authority Credit Cards**

This Management Letter (ML) comment repeats the description of Finding 2009-F1.

This ML comment is not repeated.

### **Proper Reporting of Compensation**

This ML comment is not repeated

### **Unbudgeted Purchases**

This ML comment is not repeated.

### **Function of Board Members**

This ML comment focused on commissioners improperly influencing day to day operations of OHA.

I did not repeat this in a Management Letter Comment but did include similar comments in Findings 4 and 5.

### **Capital Fund Program File Maintenance**

This ML comment is not repeated.

**William Daniel McCaskill, CPA  
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[danny@highperformer.net](mailto:danny@highperformer.net)**

**Management Letter**

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

In planning and performing my audit of the financial statements of the Housing Authority of the City of Opelousas for the year ended June 30, 2010, I considered the Authority's internal control to plan my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control.

However, during my audit, I noted certain matters involving internal control that is presented for your consideration. This letter does not affect my report dated February 11, 2011, on the financial statements of the authority. Management's response has also been included.

**ML 2010-1**

Louisiana State law requires that the agency audit report be published within 6 months of the agency's fiscal year end (FYE). This audit report is as of and for FYE June 30, 2010 and is being published subsequent to December 31, 2010.

The agency requested and received an extension of the deadline from the Louisiana Legislative Auditors Office. However, the extension approval requires that the audit report include at the least a Management Letter Comment describing the circumstances causing the late audit report.

Circumstances causing the delay in the audit report completion include complications raised by Federal and State Investigations/Reviews into housing authority activities. As well, I had to request and research prior year documentation to ensure the financial statements properly report issues such as a potential component unit, OHA ownership of a land parcel, and OHA recordation of a bank loan.

None of these delays were caused by the authority or the audit firm and neither should be faulted for the delay.

**Management letter (continued)**

My audit procedures are designed primarily to enable me to form opinions on the financial statements of the authority, as of and for the year ending June 30, 2010, which collectively comprise the authority's basic financial statements, and therefore, may not reveal all weaknesses in policies and procedures that may exist.

This report is intended solely for the information and user of the Board, management, federal awarding agencies, and pass-thru entities and is not intended to be and should not be used by anyone other than these specified users. Although the intended use of these reports may be limited, under LRS 24:513 this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

*William Daniel McCaskill*

William Daniel McCaskill, CPA, APAC  
A Professional Accounting Corporation

February 11, 2011