

**HOUSING AUTHORITY OF THE TOWN OF WELSH
WELSH, LOUISIANA**

**INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED JUNE 30, 2021

HOUSING AUTHORITY OF THE TOWN OF WELSH
Welsh, Louisiana

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Audit Solutions, LLC.

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the Town of Welsh
Welsh, Louisiana

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority, as of June 30, 2021, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i-vii be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplemental information, as described in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplemental information, as described in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplemental information, as described in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standard

In accordance with *Government Auditing Standards*, I have also issued my report dated February 28, 2022 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Audit Solutions, LLC.

Chesterfield, Missouri

February 28, 2022

HOUSING AUTHORITY OF THE TOWN OF WELSH
Welsh, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
June 30, 2021

Introduction

This Management's Discussion and Analysis (MD&A) of the Welsh Housing Authority (Authority) provides an introduction and overview to the financial statements of the Welsh Housing Authority for the fiscal year ended June 30, 2021. The Welsh Housing Authority presents this discussion and analysis of its financial performance during the fiscal year ended June 30, 2021, to assist the reader in focusing on significant financial issues.

The primary focus of the Authority's financial statements is on the statements of its single enterprise fund encompassing all programs administered by the Welsh Housing Authority. This information contained herein this MD&A should be considered in conjunction with the Authority's financial statements and related notes to the financial statements.

The Authority has two individual programs. They include the Low Rent Public Housing Program and the Capital Fund Program.

The Low Rent Program consists of 36 dwelling units. Funding is provided based on dwelling rents paid by the tenants and operating fund payments received by the Department of Housing & Urban Development based on a formula.

The Capital Fund Program is also a formula-based program from HUD. The purpose of this program is to provide funding for the modernization and improvement of the Low Rent Public Housing Program. These resources allow the Housing Authority to provide capital improvements for the current dwelling structures and assist in their operations.

The purpose of the Management Program is to manage and operate non owned low-income housing. One apartment complex was managed from this fund. A management fee was paid to the fund from the Fenton Housing Authority. This was discontinued in FY 2020.

Overview of the Financial Statements

This overview of the financial statement is intended to inform and introduce the reader to the Authority's financial statements. The financial statements are comprised of three individual statements. These statements include:

- The Statement of Net Position
- The Statement of Revenues, Expense, and Changes in Net Position
- The Statement of Cash Flows

The Statement of Net Position presents information on the assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the differences between them being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial situation of the Authority is improving or deteriorating. Net position is comprised of three individual components:

- *Investment in Capital Assets* consists of capital asset balances net of accumulated depreciation less any outstanding balances of related debt associated with these assets.
- *Restricted* component of net position consists of resources that are restricted by limitations placed on these resources by an external source or imposed by law through constitutional provisions.
- *Unrestricted* component of net position represents the remaining resources available that do not meet the definition of the above categories. The unrestricted component of net position is basically the amount of resources available for future year appropriations.

HOUSING AUTHORITY OF THE TOWN OF WELSH
Welsh, Louisiana

MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A) – (Continued)
June 30, 2021

Overview of the Financial Statements – (Continued)

The Statement of Revenues, Expenses, and Changes in Net Position reports the operating revenues, operating expenses, non-operating revenues, and non-operating expenses of the Authority for the fiscal year ended June 30, 2021 to determine the change in net position for the fiscal year.

The Statement of Cash Flows reports cash activities for the fiscal year resulting from operating activities, investing activities, non-capital financing activities, and capital and related financing activities. The net result of these activities represents the increase or decrease of the cash equivalent account balance for the year ended June 30, 2021.

Financial Highlights

- The Welsh Housing Authority’s total net position decreased from \$422,743 in 2020 to \$383,053 in 2021, for a decrease of \$39,690. The fixed assets decreased by \$48,438 or 16% from the previous year.
- The unrestricted component of net position’s balance is reported as \$125,518 at June 30, 2021. This represents an increase of \$8,748, or 7% from the previous year.
- Total revenues decreased from \$248,296 in 2020 to \$226,603 in 2021, representing a decrease of \$21,693 or 9%.
- Total expenses decreased by \$71,098 from \$307,203 to \$236,105 for the current year.

Housing Authority Activities & Highlights

The Housing Authority’s overall financial position and operations for the past two years are summarized below based on the information in the current and prior financial statements. The table below lists the asset and liability comparisons for the year ended June 30, 2021 and June 30, 2020.

***Summary Statement of Net Position
As of June 30, 2021 and 2020***

Category	6/30/2021	6/30/2020	Change \$	Change %
Current Assets	\$ 160,141	\$ 153,174	\$ 6,967	5%
Fixed Assets (Net of Depreciation)	\$ 257,535	\$ 305,973	\$ (48,438)	-16%
Total Assets	\$ 417,676	\$ 459,147	\$ (41,471)	-9%
Current Liabilities	\$ 19,562	\$ 25,949	\$ (6,387)	-25%
Non Current Liabilities	\$ 15,061	\$ 10,455	\$ 4,606	44%
Total Liabilities	\$ 34,623	\$ 36,404	\$ (1,781)	-5%
Unrestricted	\$ 125,518	\$ 116,770	\$ 8,748	7%
Net Investment in Capital Assets	\$ 257,535	\$ 305,973	\$ (48,438)	-16%
Total Net Position	\$ 383,053	\$ 422,743	\$ (39,690)	-9%

HOUSING AUTHORITY OF THE TOWN OF WELSH
Welsh, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – (Continued)
June 30, 2021

Housing Authority Activities & Highlights – (Continued)

Current Assets

Current assets increased by \$6,967. This was primarily due to an increase in Accounts receivable -miscellaneous from \$0 in the prior year to \$16,819 in the current year. This was FEMA funding accrued as a receivable in the current year. The overall increase was due to the net profit experienced by the Authority with the exclusion of depreciation expense.

Fixed Assets (Net of Depreciation)

Noncurrent assets decreased by \$48,438, from \$305,973 in 2020 to \$257,535 in 2021. The primary reason for the decrease is due to the charging of depreciation expense. Additional information related to the analysis of noncurrent assets is presented in a later section.

Current Liabilities

The Authority's current liabilities decreased by \$6,387. The primary reason for the decrease is due to Accounts payable – other government decreased by \$2,697 and tenant security deposits decreased by \$2,573

Noncurrent Liabilities

The Authority had accrued leave compensated absences classified as a long-term liability in the amount of \$15,061 as of June 30, 2021, an increase of \$4,606 from the previous year.

Net Position

The Authority's total net position decreased by \$39,690, when compared to the previous fiscal year.

The Authority's unrestricted component of net position changed from \$116,770 to \$125,518, an increase of \$8,748 or 7% for the current year. This was primarily due to the operating revenues exceeding operating expenditures related to the Low Rent Program and Management Program. The unrestricted component of net position is the amount available for future appropriations. This balance is subject to program specific guidelines.

HOUSING AUTHORITY OF THE TOWN OF WELSH
Welsh, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – (Continued)
June 30, 2021

Housing Authority Activities & Highlights – (Continued)

***Summary Statement of Revenues & Expenses and Changes in Net Position
Years Ended June 30, 2021 and 2020***

Category	6/30/2021	6/30/2020	Change \$	Change %
Program Revenues:				
Tenant Revenue	\$ 76,806	\$ 101,921	\$ (25,115)	-25%
Government Operating Grants	\$ 147,803	\$ 117,839	\$ 29,964	25%
Other Revenue	\$ 1,773	\$ 28,009	\$ (26,236)	-94%
Interest Income	\$ 221	\$ 527	\$ (306)	-58%
Total Revenue	\$ 226,603	\$ 248,296	\$ 21,693	-9%
Expenses:				
Administration	\$ 57,540	\$ 76,078	\$ (18,538)	-24%
Tenant Services	\$ 3,842	\$ 483	\$ 3,359	795%
Utilities	\$ 15,314	\$ 14,885	\$ 429	3%
Ordinary Maintenance	\$ 64,608	\$ 114,069	\$ (49,461)	-44%
General/Insurance Expense	\$ 46,363	\$ 48,519	\$ (2,156)	-4%
Depreciation	\$ 48,438	\$ 53,169	\$ (4,731)	-9%
Total Expenses	\$ 236,105	\$ 307,203	\$ (71,098)	-23%
Excess (Deficiency) Before Special Items	\$ (9,502)	\$ (58,907)	\$ 49,405	-84%
Special Item/Casualty Losses	\$ (30,188)	\$ -	\$ (30,188)	100%
Change in Net Position	\$ (39,690)	\$ (58,907)	\$ 19,217	-33%
Net Position, Beginning of Year	\$ 422,743	\$ 481,650	\$ (58,907)	-12%
Net Position, End of Year	\$ 383,053	\$ 422,743	\$ (39,690)	-9%

Results of Operations

Revenues of the Authority are generated principally from dwelling rents and HUD grants (including Operating and Capital Funds). The Authority's revenue decreased by \$21,693 during the current fiscal year. Significant changes in revenues are as follows:

- Operating Grants increased by \$29,964. This was primarily due to an increase in other government grants received from FEMA due to Hurricane Laura damage.
- Other revenue decreased by \$26,236 due primarily to the cancellation of the management contract with the Housing Authority of the Village of Fenton
- Tenant Revenue decreased by \$25,115 due primarily to the reduced number of units leased from the previous year. Unit months leased decreased from 411 to 358. In addition, the average rent decreased from a 2020 level of \$241 to a 2021 level of \$201.

HOUSING AUTHORITY OF THE TOWN OF WELSH
Welsh, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – (Continued)
June 30, 2021

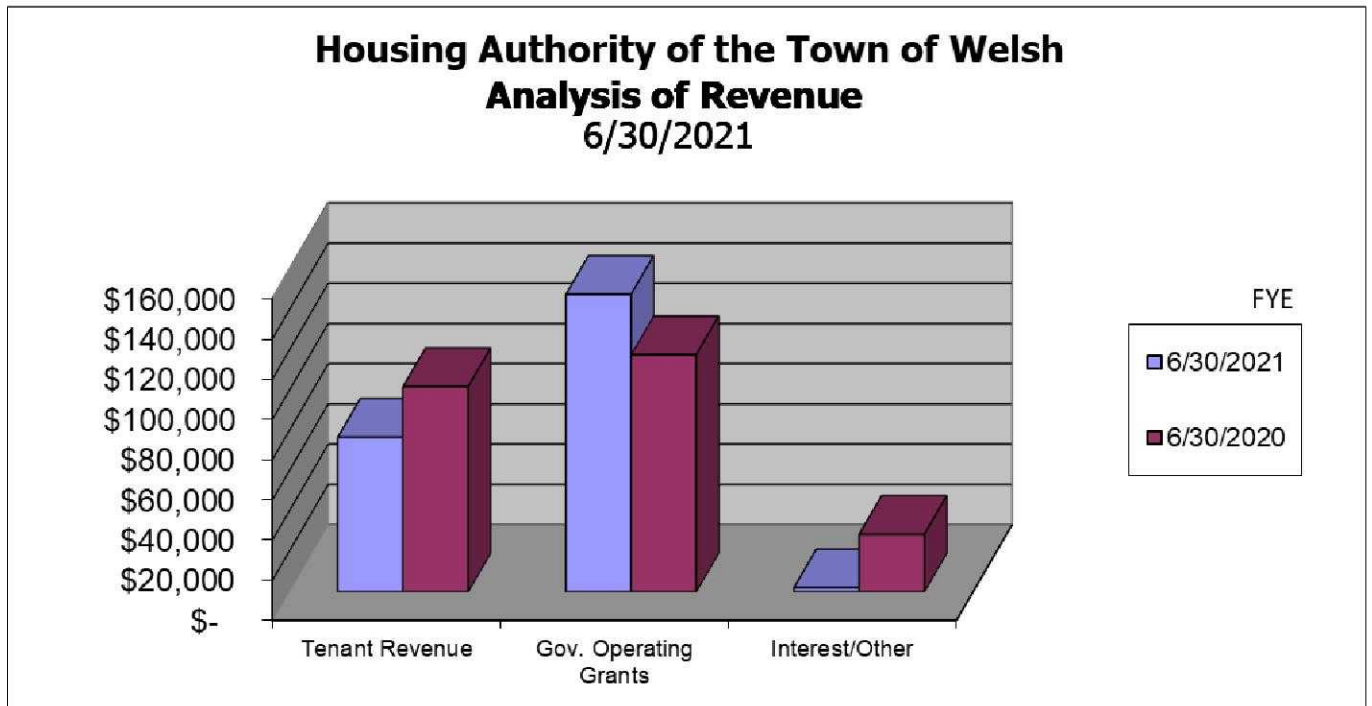
Housing Authority Activities & Highlights – (Continued)

Results of Operations – (Continued)

The Authority's total expenses decreased by \$71,098 from the previous year. Significant changes in expenses are as follows:

- Administration decreased by \$18,538. The primary reason was due to a decrease in admin salaries in the amount of \$11,809. There were also decreases in office expenses in the amount of \$2,359 and travel, \$2,780,
- Ordinary maintenance expenses decreased by \$49,461 or 44%. This was primarily due to a decrease in snow removal contract of \$9,715, Plumbing of \$4,959, miscellaneous contracts of \$15,287, and routine maintenance contracts of \$2,551. Maintenance material also decreased \$17,103 from the prior year.

We have provided the following presentations to demonstrate the revenues and expenses by summarized account category:

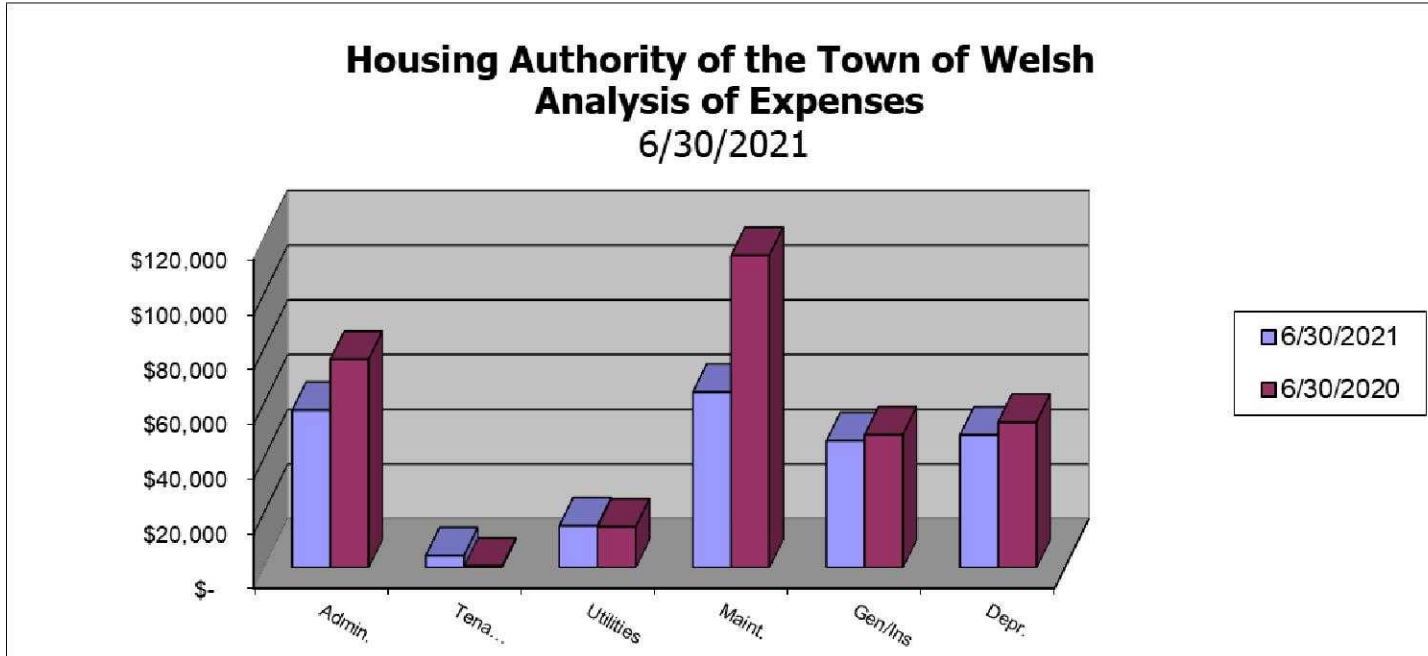


HOUSING AUTHORITY OF THE TOWN OF WELSH
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MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A) – (Continued)
June 30, 2021

Housing Authority Activities & Highlights – (Continued)

Results of Operations – (Continued)



Net Fixed Assets

As of June 30, 2021, the Welsh Housing Authority’s investment in capital assets was \$257,535. This investment includes land, buildings, and equipment.

<u>Category</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>Change \$</u>	<u>Change %</u>
Land	\$ 35,951	\$ 35,951	\$ -	0%
Buildings	\$ 2,534,106	\$ 2,534,106	\$ -	0%
Equipment	\$ 44,491	\$ 44,491	\$ 0	0%
Accumulated Depreciation	\$ (2,357,014)	\$ (2,308,575)	\$ (48,438)	2%
Total Net Fixed Assets	\$ 257,535	\$ 305,973	\$ (48,438)	-16%

Subsequent Event

As of the time of this analysis, HUD has finalized the funding levels for the 2022 calendar year. The operating subsidy for the Low Rent Housing Program is projected to be funded at 95%.

The Welsh Housing Authority intends to use CFP funds to install remaining HVAC units. The Housing Authority is awaiting the finalized reports from FEMA as well as Insurance Funds from both Hurricanes Laura and Delta. Units are still offline due to damages received by both hurricanes and with the rising costs and availability of materials, it’s been a very hard task to accomplish.

HOUSING AUTHORITY OF THE TOWN OF WELSH
Welsh, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – (Continued)
June 30, 2021

Request for Information

This financial report is designed to provide a general overview of the Authority's accountability for all those interested.

If you should have additional questions regarding the financial information, you can contact our office in writing at the following address:

Welsh Housing Authority
Calena Boullard, Executive Director
PO Box 430
Welsh, LA 70591-0430

HOUSING AUTHORITY OF THE TOWN OF WELSH
Welsh, Louisiana

STATEMENT OF NET POSITION
June 30, 2021

ASSETS

Current Assets:

Cash and cash equivalents	\$	74,065
Cash - restricted		5,427
Investments		36,465
Receivables - net of allowances		18,947
Inventory - net of allowances		975
Prepaid expenses		<u>24,262</u>

Total Current Assets 160,141

Non-current Assets:

Capital assets:

Land and construction in progress		35,951
Other capital assets, net of depreciation		<u>221,584</u>

Total capital assets - net 257,535

Total Non-current Assets 257,535

Total Assets \$ 417,676

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE TOWN OF WELSH
Welsh, Louisiana

STATEMENT OF NET POSITION - (Continued)

June 30, 2021

LIABILITIES

Current Liabilities:

Accounts payable	\$	6,599
Accrued salaries and benefits		4,874
Tenant security deposit liability		5,427
Accrued compensated absences		1,064
Unearned revenues		1,598

Total Current Liabilities 19,562

Non-current Liabilities:

Compensated absences		<u>15,061</u>
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Total Non-current Liabilities 15,061

Total Liabilities 34,623

NET POSITION

Net investment in capital assets		257,535
Unrestricted		<u>125,518</u>

Total Net Position 383,053

Total Liabilities and Net Position \$ 417,676

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE TOWN OF WELSH
Welsh, Louisiana

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2021

OPERATING REVENUES	
Tenant revenue	\$ 76,806
Governmental grants and subsidy	147,803
Miscellaneous	<u>1,773</u>
Total operating revenue	<u>226,382</u>
OPERATING EXPENSES	
Administrative	57,540
Tenant services	3,842
Utilities	15,314
Ordinary maintenance and operations	64,608
Insurance	32,653
General	13,710
Non routine maintenance	30,188
Depreciation expense	<u>48,438</u>
Total operating expenses	<u>266,293</u>
Operating income (loss)	<u>(39,911)</u>
NON-OPERATING REVENUES (EXPENSES)	
Investment income	<u>221</u>
Net non-operating revenues (expenses)	<u>221</u>
Income (loss) before contributions and transfers	<u>(39,690)</u>
Change in net position	(39,690)
Total net position - beginning of year	<u>422,743</u>
Total net position - end of year	\$ <u><u>383,053</u></u>

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE TOWN OF WELSH
Welsh, Louisiana

STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Received from tenants	\$ 70,505
Received from governmental grants and subsidy	130,984
Received from other operating activities	1,773
Payments for goods and services	(136,255)
Payments to employees	(71,733)
Payment in lieu of taxes	<u>(8,438)</u>
Net cash provided by (used in) operating activities	<u>(13,164)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds (payments) from sale (purchase) of investments	(233)
Receipts of interest and dividends	<u>232</u>
Net cash provided by (used in) investing activities	<u>(1)</u>
Net increase (decrease) in cash and cash equivalents	(13,165)
Cash and cash equivalents at beginning of year	<u>92,657</u>
Cash and cash equivalents at end of year	\$ <u><u>79,492</u></u>

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE TOWN OF WELSH
Welsh, Louisiana

STATEMENT OF CASH FLOWS - (Continued)

For the Year Ended June 30, 2021

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

Operating income (loss)	\$	(39,911)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense		48,438
Change in assets and liabilities:		
Receivables, net		(17,123)
Inventories, net		335
Prepaid expenses		(3,122)
Accounts and other payables		(2,390)
Tenant security deposit		(2,573)
Unearned revenues		(327)
Compensated absences		3,678
Accrued expenses		<u>(169)</u>
Net cash provided by (used) by operating activities	\$	<u><u>(13,164)</u></u>

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE TOWN OF WELSH
Welsh, Louisiana

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Housing Authority of the Town of Welsh (Authority) is a public body and a body corporate and politic organized under the laws of the State of Louisiana that is legally separate, fiscally independent and governed by a Board of Commissioners. The Authority was established to provide Low-Rent housing for qualified individuals in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development (HUD) and other applicable federal agencies. Additionally, HUD has entered into Annual Contributions Contract with the Authority for the purpose of administering housing and housing relating programs described herein. The Authority is not subject to Federal or State income taxes and is not required to file Federal or State income tax returns.

The financial statements of the Authority have been prepared in conformity with Generally Accepted Accounting Principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

1A. Financial Reporting Entity

The Authority's financial reporting entity comprises the following:

Primary Government: Housing Authority

In determining the financial reporting entity, the Authority complies with the provisions of GASB Statement No. 14 as amended by GASB No. 39 and 61, "The Financial Reporting Entity," and includes all component units of which the Authority appointed a voting majority of the units' board; the Authority is either able to impose its will on the unit or a financial benefit or burden relationship exists. On the basis of the application of these criteria, there are no component units which are required to be included in the Authority's financial statements.

1B. Basis of Presentation

The accounts of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. The operations of each fund are reported as a separate set of self-balancing accounts that are comprised of each fund's assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds consist of three major categories: governmental, proprietary and fiduciary. Funds within each major category are grouped by fund type in the combined financial statements. The Authority uses the following fund:

Proprietary Fund Types - This fund is used to account for the Authority's ongoing activities that are similar to those often found in the private sector. The accounting objectives are a determination of net income, financial position and changes in cash flow. All assets and liabilities associated with a proprietary fund's activities are included on its statement of net position. Proprietary fund equity is segregated into net investment in capital assets and restricted and unrestricted net position. The following are the Authority's proprietary fund types:

Enterprise Fund - Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes all of the Authority's programs as an enterprise fund.

HOUSING AUTHORITY OF THE TOWN OF WELSH
Welsh, Louisiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

1B. Basis of Presentation – (Continued)

The Authority operates the following programs in the enterprise fund:

Public and Indian Housing - The objective of the program is to provide decent, safe and sanitary housing and related facilities for eligible low-income individuals.

Public Housing Capital Fund - The purpose of this program is to provide funds annually to housing authorities for the modernization of the housing development and for management improvements.

Business Activities – This program was created to provide management services to the Housing Authority of the Village of Fenton. The Authority discontinued this service in FY 2020.

Disaster Grants – Public Assistance (Presidentially Declared Disasters) - To assist state, tribal, territorial, and local governments and eligible private non-profits in responding to and recovering from the devastating effects of disasters by providing assistance for debris removal, emergency protective measures, and the repair, restoration, reconstruction or replacement of public and eligible private non-profit facilities or infrastructure damaged or destroyed as the result of federally declared disasters or emergencies.

Public Housing CARES Act - The CARES Act provides funding to prevent, prepare for, and respond to COVID-19, and to maintain normal operations and take other necessary actions during the period the program is impacted by the pandemic.

1C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus - The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting - In the financial statements, the proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

1D. Budgets

Budgets are prepared for regulatory purposes in accordance with the Authority’s contract with HUD on an annual basis for all operating programs and on a project length basis for capital projects funds which are approved by the Board of Commissioners and submitted to HUD for their approval, if required.

HOUSING AUTHORITY OF THE TOWN OF WELSH
Welsh, Louisiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

1E. Estimates and assumptions

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could vary from those estimates.

1F. Assets, Liabilities, and Equity

Cash and Investments

For the purpose of the Statement of Net Position, “cash and cash equivalents” includes all demand, savings accounts, and certificates of deposits or short-term investments with an original maturity of three months or less. For the purpose of the Statement of Cash Flows, “cash and cash equivalents” include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments are carried at fair value except for short-term U.S. Treasury obligations, if any, with a remaining maturity at the time of purchase of one year or less. Those investments, if any, are reported at amortized cost. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Notes 2B and 3A.

Inter-fund Receivables and Payables

During the course of operations, numerous transactions occur within individual funds that may result in amounts owed between funds. Inter-fund receivables and payables between funds, if any, are eliminated for financial statement presentation.

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances consist of other government and tenant accounts receivable.

Inventories

Inventories are valued at lower of cost or market on an average cost basis. Inventories consist primarily of maintenance materials and supplies held for consumption. The consumption method is used to account for inventories. Under the consumption method, inventories are recorded as assets when purchased and expenses when used.

Fixed Assets

Fixed assets in the proprietary fund types are stated at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. It is the policy of the Authority to capitalize all assets with a cost of \$1,000 or greater. The cost of maintenance and repairs are charged to operations as incurred. Costs of major additions, improvements, and betterments are capitalized.

HOUSING AUTHORITY OF THE TOWN OF WELSH
Welsh, Louisiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

1F. Assets, Liabilities, and Equity - (Continued)

Fixed Assets

Depreciation of all exhaustible fixed assets is charged as an expense against operations and is recorded in the Statement of Revenues, Expenses and Changes in Net Position with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Building	15-33 years
Furniture, equipment and machinery - dwelling	7 years
Furniture, equipment and machinery - administrative	3-5 years

Restricted Assets

Restricted assets include cash of the proprietary fund that are legally restricted as to their use. The primary restricted asset is related to the security deposit fund under the Low Rent program.

Compensated Absences

The Authority's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term and short-term liabilities based on historical trends. Amounts not expected to be paid within the next fiscal year are classified as long-term liabilities.

Equity Classifications

Equity is classified as net position and displayed in two components:

- 1) Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- 2) Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

1G. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses are those that result from providing services and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, non-capital financing, or investing activities.

Inter-fund Transfers

Permanent reallocation of resources between programs of the reporting entity is classified as inter-fund transfers. For the purposes of the Statement of Revenues, Expenses and Changes in Net Position, all inter-fund transfers between individual programs, if any, have been eliminated.

HOUSING AUTHORITY OF THE TOWN OF WELSH
Welsh, Louisiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
June 30, 2021

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The Authority and its component units, if any, are subject to various federal, state, and local laws and contractual regulations. An analysis of the Authority's compliance with significant laws and regulations and demonstration of its stewardship over Authority resources follows.

2A. Program Accounting Requirements

The Authority's complies with all state and local laws and regulations requiring the use of separate programs. The programs used by the Authority are as follows:

<u>Program</u>	<u>Required By</u>
Public and Indian Housing	U.S. Department of Housing and Urban Development
Public Housing Capital Fund	U.S. Department of Housing and Urban Development
Public Housing CARES Act	U.S. Department of Housing and Urban Development
Disaster Grants – Public Assistance	U.S. Department of Homeland Security (DHS)
Business Activities	Housing Authority

2B. Deposits and Investments Laws and Regulations

It is the Authority's policy for deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance. The Authority must maintain a written collateral agreement from all financial institutions pledging collateral to the Authority. As reflected in Note 3A, all deposits were fully insured or collateralized.

Investing is performed in accordance with HUD regulations and State Statutes. Funds may be invested in the following type of investments:

- Direct obligations of the U.S. Government pledged by its full faith and credit.
- Demand, savings, money-market and certificates of deposit at commercial banks, mutual savings banks, savings and loan associations and credit unions provided that the entire deposit be insured by the FDIC and any deposits in excess of insured amounts are adequately collateralized.

2C. Revenue Restrictions

The Authority has various restrictions placed over certain revenue sources. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Public Housing Capital Fund	Modernization
Public Housing CARES Act	COVID assistance

For the year ended June 30, 2021, the Authority complied, in all material respects, with these revenue restrictions.

HOUSING AUTHORITY OF THE TOWN OF WELSH
Welsh, Louisiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
June 30, 2021

NOTE 3 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

3A. Cash Deposits and Investments

As of June 30, 2021, the Authority had the following cash deposits and investments:

Cash deposits	\$	79,492
Certificate of deposits		<u>36,465</u>
Total	\$	<u><u>115,957</u></u>

Following is a reconciliation of the Authority's deposit balances as of June 30, 2021:

Cash and cash equivalents	\$	74,065
Restricted assets		5,427
Investments		<u>36,465</u>
Total	\$	<u><u>115,957</u></u>

Deposits

Custodial Credit Risk - Deposits

The custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, the Authority will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. At June 30, 2021, the Authority's bank balances of \$100,299 were entirely covered by FDIC insurance or by pledged collateral held by the Authority's agent bank in the Authority's name.

Investments

Custodial Credit Risk - Investments

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. At June 30, 2021, the Authority's investment balance of \$36,465 was entirely covered by FDIC insurance or by pledged collateral held by the Authority's agent bank in the Authority's name.

Interest Rate Risk

The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State law limits investment in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organization. As the Authority's investments consist entirely of certificate of deposit, credit risk is not applicable to the Housing Authority.

HOUSING AUTHORITY OF THE TOWN OF WELSH
Welsh, Louisiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
June 30, 2021

NOTE 3 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS - (Continued)

3A. Cash Deposits and Investments - (Continued)

Concentration of Credit Risk

The Authority places no limit on the amount the Authority may invest in any one issuer. At June 30, 2021, the concentration of the Authority's investment (excluding cash deposits) was as follows:

<u>Type of Investment</u>	<u>Market Value</u>	<u>Maturity Date</u>
Certificate of Deposit	\$ <u>36,465</u>	12/25/2021

3B. Restricted Assets

Restricted assets at June 30, 2021 consist of the following:

<u>Type of Restricted Assets</u>	<u>Cash Including Time Deposits</u>	<u>Investments</u>	<u>Accrued Interest</u>	<u>Total</u>
Security deposit	\$ <u>5,427</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>5,427</u>

3C. Accounts Receivable

Receivables at June 30, 2021 consist of the following:

Tenants	\$ 4,878
Less: Allowance for doubtful account	<u>(2,750)</u>
Tenants - net of allowance	2,128
Other government - FEMA	<u>16,819</u>
Total Receivables	\$ <u>18,947</u>

3D. Inventory

Inventory at June 30, 2021 comprised of the following:

Inventory	\$ 1,083
Less: Allowance for obsolete inventory	<u>(108)</u>
Inventory - net of allowance	\$ <u>975</u>

HOUSING AUTHORITY OF THE TOWN OF WELSH
Welsh, Louisiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
June 30, 2021

NOTE 3 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS - (Continued)

3E. Capital Assets

A summary of capital asset activity for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	(Retirement)	Balance June 30, 2021
Non-depreciable assets:				
Land	\$ 35,951	\$ -	\$ -	\$ 35,951
Total non-depreciable assets	35,951	-	-	35,951
Depreciable assets:				
Building	2,534,106	-	-	2,534,106
Equipment - dwelling	13,188	-	-	13,188
Equipment - administration	31,303	-	-	31,303
Total depreciable assets	2,578,597	-	-	2,578,597
Accumulated depreciation	(2,308,575)	(48,438)	-	(2,357,013)
Total depreciable assets, net	270,022	(48,438)	-	221,584
Capital assets, net	\$ 305,973	\$ (48,438)	\$ -	\$ 257,535

Depreciation expense is charged to programs as follows:

	Business-type Activities
Public and Indian Housing	
Total depreciation expense	\$ 48,438

3F. Accounts Payable

Accounts payable at June 30, 2021 consist of the following:

Vendors & contractors	\$ 858
PILOT	5,741
Total Accounts Payable	\$ 6,599

HOUSING AUTHORITY OF THE TOWN OF WELSH
Welsh, Louisiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
June 30, 2021

NOTE 3 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS - (Continued)

3G. Non-current liabilities

Non-current liabilities at June 30, 2021 consist of the following:

Accrued compensated absences \$ 15,061

Changes in non-current liabilities

The following is the summary of changes in non-current liabilities:

Description	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021	Amounts Due within One Year
Accrued compensated absences	\$ 10,455	\$ 4,606	\$ ---	\$ 15,061	\$ 1,064

3H. Inter-program Transactions and Balances

Operating Transfers

Transfers are used to move revenues from one program to the other program in accordance with the budgetary authorizations.

	Transfers In	Transfers Out
Public and Indian Housing	\$ 16,430	\$ -
Public Housing Capital Fund	-	(16,430)
	\$ 16,430	\$ (16,430)

Inter-program Receivable/Payable

Inter-program receivable/payable is eliminated for financial statement presentation. The following inter-program receivable/payable existed at March 31, 2021:

	Due From	Due To
Public and Indian Housing	\$ 16,819	\$ -
Disaster Grants	-	(16,819)
Total	\$ 16,819	\$ (16,819)

HOUSING AUTHORITY OF THE TOWN OF WELSH
Welsh, Louisiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
June 30, 2021

NOTE 4 – OTHER NOTES

4A. Employee Pension Plan

The Authority provides pension benefits for all of its full-time employees through a defined contribution plan with Housing Agency Retirement Trust. The Plan administrator has complete control of the administration of the plan, including complete discretions to interpret or construe the provisions of the Plan and under which contributions are established or may be amended.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan requires the Authority to contribute 8.5% of covered wages. Benefits are fully vested at the end of 5 years of service.

The following information related to the defined contribution plan at June 30, 2021:

Total payroll	\$	60,541
Total payroll for eligible participants	\$	59,306
Employer contributions	\$	5,041

4B. Risk Management

The Authority is exposed to various risks of losses related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee's health and life; and natural disasters. Claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The Authority manages these various risks of loss as follows:

<u>Type of Loss</u>	<u>Method Managed</u>
a. Torts, errors and omissions	Purchased insurance with Arthur J. Gallagher Risk Management Services, Inc.
b. Injuries to employees (workers' compensation)	Purchased insurance with Arthur J. Gallagher Risk Management Services, Inc. Claims are administered by the same company.
c. Physical property loss and natural disasters	Purchased commercial insurance with \$2,500-\$20,000 deductibles.

Management believes such coverage is sufficient to preclude any significant uninsured losses to the Authority. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

4C. Contingencies

The Authority is subject to possible examinations made by Federal and State authorities who determine compliance with terms, conditions, laws and regulations governing other grants given to the Authority in the current and prior years. No significant violations of finance-related legal or contractual provisions occurred.

HOUSING AUTHORITY OF THE TOWN OF WELSH
Welsh, Louisiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
June 30, 2021

NOTE 4 – OTHER NOTES - (Continued)

4D. Commitments - Construction

At June 30, 2021, the Authority had pending construction projects in progress. The commitments related to these projects are summarized as follows:

	<u>Funds Approved</u>		<u>Funds Expended - Project to Date</u>
CFP 501-17	\$ 45,537	S	15,118
CFP 501-18	70,695		28,597
CFP 501-19	73,930		23,487
CFP 501-20	79,504		1,250
Public Housing – Cares Act	13,023		5,490

4E. Financial Data Schedule

The Authority prepares its Financial Data Schedule (FDS) in accordance with HUD requirements in a prescribed format which differs from the presentation of the basic financial statements. The FDS format excludes depreciation and casualty losses and includes investment income in operating activities, which differs from the presentation of basic financial statements.

4F. 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.

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. There has been no immediate impact to the Authority's operations. Future potential impacts may include disruptions or restrictions on our employees' ability to work or the tenants ability to pay the required monthly rent. Operating functions that may be changed include intake, recertifications and maintenance. Changes to the operating environment may increase operating costs. Additional impacts may include the ability of tenants to continue making rental payments as a result of job loss or other pandemic related issues. The future effects of these issues are unknown.

Management evaluated the activity of the Authority through February 28, 2022 and concluded that no additional subsequent events have occurred that would require adjustment to or disclosures within these financial statements except for the one noted above.

4G. Economic Dependency

The Authority is primarily dependent upon HUD for the funding of operations; therefore, the Authority is affected more by the federal budget than by local economic conditions. The funding of programs could be significantly affected by the 2022 federal budget.

HOUSING AUTHORITY OF THE TOWN OF WELSH
Welsh, Louisiana

FINANCIAL DATA SCHEDULE
Year Ended June 30, 2021

	Project Total	14.PHC Public Housing CARES Act Funding	97.036 Disaster Grants - Presidentially Declared Disasters	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$57,489			\$16,576	\$74,065	\$0	\$74,065
114 Cash - Tenant Security Deposits	\$5,427				\$5,427	\$0	\$5,427
100 Total Cash	\$62,916	\$0	\$0	\$16,576	\$79,492	\$0	\$79,492
124 Accounts Receivable - Other Government	\$0		\$16,819		\$16,819	\$0	\$16,819
126 Accounts Receivable - Tenants	\$4,878				\$4,878	\$0	\$4,878
126.1 Allowance for Doubtful Accounts -Tenants	-\$2,750				-\$2,750	\$0	-\$2,750
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$2,128	\$0	\$16,819	\$0	\$18,947	\$0	\$18,947
131 Investments - Unrestricted	\$36,465				\$36,465	\$0	\$36,465
142 Prepaid Expenses and Other Assets	\$24,262				\$24,262	\$0	\$24,262
143 Inventories	\$1,083				\$1,083	\$0	\$1,083
143.1 Allowance for Obsolete Inventories	-\$108				-\$108	\$0	-\$108
144 Inter Program Due From	\$16,819				\$16,819	-\$16,819	\$0
150 Total Current Assets	\$143,565	\$0	\$16,819	\$16,576	\$176,960	-\$16,819	\$160,141
161 Land	\$35,951				\$35,951	\$0	\$35,951
162 Buildings	\$2,534,106				\$2,534,106	\$0	\$2,534,106
163 Furniture, Equipment & Machinery - Dwellings	\$13,188				\$13,188	\$0	\$13,188
164 Furniture, Equipment & Machinery - Administration	\$31,303				\$31,303	\$0	\$31,303
166 Accumulated Depreciation	-\$2,357,013				-\$2,357,013	\$0	-\$2,357,013
160 Total Capital Assets, Net of Accumulated Depreciation	\$257,535	\$0	\$0	\$0	\$257,535	\$0	\$257,535
180 Total Non-Current Assets	\$257,535	\$0	\$0	\$0	\$257,535	\$0	\$257,535
290 Total Assets and Deferred Outflow of Resources	\$401,100	\$0	\$16,819	\$16,576	\$434,495	-\$16,819	\$417,676

HOUSING AUTHORITY OF THE TOWN OF WELSH
Welsh, Louisiana

FINANCIAL DATA SCHEDULE - (Continued)
Year Ended June 30, 2021

	Project Total	14.PHC Public Housing CARES Act Funding	97.036 Disaster Grants - Presidentially Declared Disasters	1 Business Activities	Subtotal	ELIM	Total
312 Accounts Payable <= 90 Days	\$858				\$858	\$0	\$858
321 Accrued Wage/Payroll Taxes Payable	\$4,874				\$4,874	\$0	\$4,874
322 Accrued Compensated Absences - Current Portion	\$1,064				\$1,064	\$0	\$1,064
333 Accounts Payable - Other Government	\$5,741				\$5,741	\$0	\$5,741
341 Tenant Security Deposits	\$5,427				\$5,427	\$0	\$5,427
342 Unearned Revenue	\$1,598				\$1,598	\$0	\$1,598
347 Inter Program - Due To	\$0		\$16,819		\$16,819	-\$16,819	\$0
310 Total Current Liabilities	\$19,562	\$0	\$16,819	\$0	\$36,381	-\$16,819	\$19,562
354 Accrued Compensated Absences - Non Current	\$15,061				\$15,061	\$0	\$15,061
350 Total Non-Current Liabilities	\$15,061	\$0	\$0	\$0	\$15,061	\$0	\$15,061
300 Total Liabilities	\$34,623	\$0	\$16,819	\$0	\$51,442	-\$16,819	\$34,623
508.4 Net Investment in Capital Assets	\$257,535				\$257,535		\$257,535
512.4 Unrestricted Net Position	\$108,942	\$0	\$0	\$16,576	\$125,518		\$125,518
513 Total Equity - Net Assets / Position	\$366,477	\$0	\$0	\$16,576	\$383,053	\$0	\$383,053
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$401,100	\$0	\$16,819	\$16,576	\$434,495	-\$16,819	\$417,676

HOUSING AUTHORITY OF THE TOWN OF WELSH
Welsh, Louisiana

FINANCIAL DATA SCHEDULE - (Continued)
Year Ended June 30, 2021

	Project Total	14.PHC Public Housing CARES Act Funding	97.036 Disaster Grants - Presidentially Declared Disasters	1 Business Activities	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$71,937				\$71,937	\$0	\$71,937
70400 Tenant Revenue - Other	\$4,869				\$4,869	\$0	\$4,869
70500 Total Tenant Revenue	\$76,806	\$0	\$0	\$0	\$76,806	\$0	\$76,806
70600 HUD PHA Operating Grants	\$112,125	\$5,490			\$117,615	\$0	\$117,615
70800 Other Government Grants	\$0		\$30,188		\$30,188	\$0	\$30,188
71100 Investment Income - Unrestricted	\$221				\$221	\$0	\$221
71500 Other Revenue	\$1,773				\$1,773	\$0	\$1,773
70000 Total Revenue	\$190,925	\$5,490	\$30,188	\$0	\$226,603	\$0	\$226,603
91100 Administrative Salaries	\$35,506				\$35,506	\$0	\$35,506
91200 Auditing Fees	\$5,230				\$5,230	\$0	\$5,230
91400 Advertising and Marketing	\$153				\$153	\$0	\$153
91500 Employee Benefit contributions - Administrative	\$5,867				\$5,867	\$0	\$5,867
91600 Office Expenses	\$4,672				\$4,672	\$0	\$4,672
91900 Other	\$6,112				\$6,112	\$0	\$6,112
91000 Total Operating - Administrative	\$57,540	\$0	\$0	\$0	\$57,540	\$0	\$57,540
92400 Tenant Services - Other	\$0	\$3,842			\$3,842	\$0	\$3,842
92500 Total Tenant Services	\$0	\$3,842	\$0	\$0	\$3,842	\$0	\$3,842
93100 Water	\$4,213				\$4,213	\$0	\$4,213
93200 Electricity	\$5,892				\$5,892	\$0	\$5,892
93300 Gas	\$1,182				\$1,182	\$0	\$1,182
93600 Sewer	\$4,027				\$4,027	\$0	\$4,027
93000 Total Utilities	\$15,314	\$0	\$0	\$0	\$15,314	\$0	\$15,314

HOUSING AUTHORITY OF THE TOWN OF WELSH
Welsh, Louisiana

FINANCIAL DATA SCHEDULE - (Continued)
Year Ended June 30, 2021

	Project Total	14.PHC Public Housing CARES Act Funding	97.036 Disaster Grants - Presidentially Declared Disasters	I Business Activities	Subtotal	ELIM	Total
94100 Ordinary Maintenance and Operations - Labor	\$24,737				\$24,737	\$0	\$24,737
94200 Ordinary Maintenance and Operations - Materials and Other	\$14,222	\$715			\$14,937	\$0	\$14,937
94300 Ordinary Maintenance and Operations Contracts	\$19,641	\$933			\$20,574	\$0	\$20,574
94500 Employee Benefit Contributions - Ordinary Maintenance	\$4,360				\$4,360	\$0	\$4,360
94000 Total Maintenance	\$62,960	\$1,648	\$0	\$0	\$64,608	\$0	\$64,608
96110 Property Insurance	\$24,103				\$24,103	\$0	\$24,103
96120 Liability Insurance	\$2,651				\$2,651	\$0	\$2,651
96130 Workmen's Compensation	\$1,763				\$1,763	\$0	\$1,763
96140 All Other Insurance	\$4,136				\$4,136	\$0	\$4,136
96100 Total insurance Premiums	\$32,653	\$0	\$0	\$0	\$32,653	\$0	\$32,653
96200 Other General Expenses	\$100				\$100	\$0	\$100
96210 Compensated Absences	\$4,772				\$4,772	\$0	\$4,772
96300 Payments in Lieu of Taxes	\$5,741				\$5,741	\$0	\$5,741
96400 Bad debt - Tenant Rents	\$3,097				\$3,097	\$0	\$3,097
96000 Total Other General Expenses	\$13,710	\$0	\$0	\$0	\$13,710	\$0	\$13,710
96900 Total Operating Expenses	\$182,177	\$5,490	\$0	\$0	\$187,667	\$0	\$187,667
97000 Excess of Operating Revenue over Operating Expenses	\$8,748	\$0	\$30,188	\$0	\$38,936	\$0	\$38,936

HOUSING AUTHORITY OF THE TOWN OF WELSH
Welsh, Louisiana

FINANCIAL DATA SCHEDULE - (Continued)
Year Ended June 30, 2021

	Project Total	14.PHC Public Housing CARES Act Funding	97.036 Disaster Grants - Presidentially Declared Disasters	1 Business Activities	Subtotal	ELIM	Total
97200 Casualty Losses - Non-capitalized	\$0		\$30,188		\$30,188	\$0	\$30,188
97400 Depreciation Expense	\$48,438				\$48,438	\$0	\$48,438
90000 Total Expenses	\$230,615	\$5,490	\$30,188	\$0	\$266,293	\$0	\$266,293
10010 Operating Transfer In	\$16,430				\$16,430	-\$16,430	\$0
10020 Operating transfer Out	-\$16,430				-\$16,430	\$16,430	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$39,690	\$0	\$0	\$0	-\$39,690	\$0	-\$39,690
11030 Beginning Equity	\$406,167	\$0	\$0	\$16,576	\$422,743	\$0	\$422,743
11190 Unit Months Available	358				358	0	358
11210 Number of Unit Months Leased	358				358	0	358
11270 Excess Cash	\$83,585				\$83,585		\$83,585

HOUSING AUTHORITY OF THE TOWN OF WELSH
Welsh, Louisiana

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD OR
CHIEF EXECUTIVE DIRECTOR**
Year Ended June 30, 2021

Agency Head Name: Calena Sanchez Boullard

EXPENDITURE PURPOSE

Salary	\$	35,506
Benefits – Insurance		---
Benefits – Retirement		2,863
Benefits (List any other here)		---
Car allowance		---
Vehicle provided by government		---
Per diem		---
Reimbursements		---
Travel		---
Registration fees		---
Conference Travel		---
Continuing professional education fees		---
Housing		---
Unvouchered expenses*		---
Special meals		---
		<hr/>
TOTAL	\$	<u>38,369</u>

* An example of unvouchered expense would be a travel advance

HOUSING AUTHORITY OF THE TOWN OF WELSH
Welsh, Louisiana

SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS
Year Ended June 30, 2021

Board members serve without compensation.



Audit Solutions, LLC.

Certified Public Accountant

INDEPENDENT AUDITOR'S 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 Town of Welsh
Welsh, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Housing Authority of the Town of Welsh (Authority), Louisiana, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued my report thereon dated February 28, 2022.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Authority's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified. I did identify certain deficiency in internal control, described in the accompanying schedule of current findings, recommendations and replies that I consider to be significant deficiency as finding #2021-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Authority's Response to Finding

The Authority's response to the finding identified in my audit is described in the accompanying schedule of current findings, recommendations and replies. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Audit Solutions, LLC

Chesterfield, Missouri

February 28, 2022



Audit Solutions, LLC.

Certified Public Accountant

INDEPENDENT AUDITORS REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners
Housing Authority of the Town of Welsh
Welsh, Louisiana

I have performed the procedure described in the second paragraph of this report, which was agreed to by the Housing Authority of the Town of Welsh (Authority) and the U.S. Department of Housing and Urban Development, Public Indian Housing - Real Estate Assessment Center (PIH-REAC), solely to assist them in determining whether the electronic submission of certain information agrees with the related hard copy documents included within the reporting package. The Authority is responsible for the accuracy and completeness of the electronic submission. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in the Government Auditing Standards issued by the Comptroller General of the United States. The sufficiency of the procedure is solely the responsibility of those parties specified in this report. Consequently, I make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

I compared the electronic submission of the items listed in the "UFRS Rule Information" column with the corresponding printed documents listed in the "Hard Copy Documents" column. The results of the performance of my agreed-upon procedure indicate agreement or non-agreement of the electronically submitted information and hard copy documents as shown in the chart below.

I was engaged to perform an audit for the Authority as of and for the year ended June 30, 2021 and have issued my reports thereon dated February 28, 2022. The information in the "Hard Copy Documents" column was included within the scope or was a by-product of the audit. Further, my opinion on the fair presentation of the Authority's Financial Data Schedule (FDS) dated February 28, 2022, was expressed in relation to the basic financial statements of the Authority taken as a whole.

A copy of the reporting package, which includes the auditor's report, is available in its entirety from the Authority. I have not performed any additional auditing procedures since the date of the aforementioned audit reports. Further, I take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, PIH-REAC.

This report was intended solely for the information and use of the Authority and the U.S. Department of Housing and Urban Development, REAC, and is not intended to be and should not be used by anyone other than these specified parties.

Audit Solutions, LLC

Chesterfield, Missouri
February 28, 2022

HOUSING AUTHORITY OF THE TOWN OF WELSH
Welsh, Louisiana

AGREED UPON PROCEDURES

June 30, 2021

Procedure	UFRS Rule Information	Hard Copy Document(s)	Agrees
1	Balance Sheet and Revenue Expense (data line items 111 to 13901)	Financial Data Schedule, all CFDA's, if applicable	√
2	Footnotes (data element G5000-010)	Footnotes to audited basic financial statements	√
3	Type of opinion on FDS (data element G3100-040)	Auditor's Supplemental report on FDS	√
4	Basic financial statements and auditor reports required to be submitted electronically	Basic financial statements (inclusive of auditor reports)	√

HOUSING AUTHORITY OF THE TOWN OF WELSH
Welsh, Louisiana

SIGNIFICANT DEFICIENCIES COMMUNICATED IN PRIOR YEAR
June 30, 2021

The prior audit report for the year ended June 30, 2020 contained one audit finding:

2020-001	Finding:	Segregation of Duties.
	Status:	Not implemented – see current finding 2021-001.

HOUSING AUTHORITY OF THE TOWN OF WELSH
Welsh, Louisiana

CURRENT FINDINGS, RECOMMENDATIONS AND REPLIES
June 30, 2021

The current audit report for the year ended June 30, 2021 disclosed the following audit finding:

2021-001. Segregation of Duties

Criteria:

To ensure effective internal control, a segregation of duties between individuals who authorize transactions and individuals who have control over related assets must always exist.

Condition:

The present system of internal accounting controls in certain situation does not provide for segregation of duties in the performance of functions due to a limited size of the staff.

Questioned Costs:

None noted.

Effect:

As a result of this condition, there is a likelihood that intentional or unintentional errors will go undetected.

Cause:

Due to the small size of the entity, the Authority's decision was based on a "cost to benefit" relationship which does not justify the addition of additional staff to accomplish the desired segregation.

Recommendation:

I recommend that the Authority take steps to ensure compensating controls are in place to mitigate the lack of segregation of duties so that risk of errors can be prevented.

Management's Response:

Due to the small size of the agency and in keeping with HUD methodology for budgeting it is economically unfeasible to hire any additional staff. The Welsh Housing Authority requires dual signatures for every check, sends records to the fee accountant monthly, the board of commissioners receives up to date bank statements at every board meeting, we have our books submitted for a financial audit yearly even though due to the size we are not required to do so. We currently have in place everything financially feasible without the addition of staff. Sadly, like many other small state agencies this will likely be a finding every year because with only one person in the office there is no segregation of duties.