

**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, 2022

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 Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Authority and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion on pages i-vi, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 accompanying Financial Data Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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. The 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 Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated November 21, 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 solely 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 effectiveness of the Authority's 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 Authority's internal control over financial reporting and compliance.

Audit Solutions, LLC.

Chesterfield, Missouri

November 21, 2022

HOUSING AUTHORITY OF THE TOWN OF WELSH
Welsh, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
June 30, 2022

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, 2022. The Welsh Housing Authority presents this discussion and analysis of its financial performance during the fiscal year ended June 30, 2022, 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 is currently being managed from this fund. A management fee is paid to the fund from the Fenton Housing Authority.

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, 2022

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, 2022 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, 2022.

Financial Highlights

- The Welsh Housing Authority’s total net position increased from \$383,053 in 2021 to \$401,378 in 2022 for an increase of \$18,325. Total assets increased by \$17,922 or 4%.
- The unrestricted component of net position’s balance is reported as \$171,310 at June 30, 2022. This represents an increase of \$45,792 or 36% from the previous year.
- Total revenues increased from \$226,603 in 2021 to \$266,623 in 2022, representing an increase of \$40,020 or 18%.
- Total expenses decreased by \$17,995, from \$266,293 to \$248,298 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, 2022 and June 30, 2021.

*Summary Statement of Net Position
As of June 30, 2022 and 2021*

	2022	2021	Change	Change %
Current Assets	\$205,530	\$160,141	\$45,389	28%
Capital Assets, Net	\$230,068	\$257,535	(\$27,467)	-11%
Total Assets	\$435,598	\$417,676	\$17,922	4%
Current Liabilities	\$16,755	\$19,562	(\$2,807)	-14%
Non-Current Liabilities	\$17,465	\$15,061	\$2,404	16%
Total Liabilities	\$34,220	\$34,623	(\$403)	-1%
Net Position:				
Invested in Capital Assets	\$230,068	257,535	(\$27,467)	-11%
Unrestricted Assets	\$171,310	125,518	\$45,792	36%
Total Net Position	\$401,378	\$383,053	\$18,325	5%

HOUSING AUTHORITY OF THE TOWN OF WELSH
Welsh, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – (Continued)
June 30, 2022

Housing Authority Activities & Highlights – (Continued)

Current Assets

Current assets increased by \$44,185. Unrestricted cash and investments increased by \$61,508 during the current year.

Fixed Assets (Net of Depreciation)

Noncurrent assets decreased by \$27,467 during the current year. Additional information related to the analysis of noncurrent assets is presented in a later section.

Current Liabilities

The Authority's current liabilities decreased by \$2,807. This is primarily due to a decrease in Accounts payable – other government by \$1,305 and tenant security deposits by \$1,090.

Net Position

The Authority's total net position increased by \$8,325 when compared to the previous fiscal year.

The Authority's unrestricted component of net position changed from \$125,518 to \$171,310, an increase of \$45,792 or 36% for the current year. This was primarily due to operating revenues exceeding operating expenditures. The unrestricted component of net position is the amount available for future appropriations. This balance is subject to program specific guidelines.

Summary Statement of Revenues & Expenses and Changes in Net Position
Years Ended June 30, 2022 and 2021

<u>Category</u>	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>Change %</u>
Tenant Revenue	\$61,144	\$76,806	(\$15,662)	-20%
HUD Operating Grants	128,790	147,803	(\$19,013)	-13%
Capital Grants	\$12,156	\$0	\$12,156	100%
Interest Income	\$127	\$221	(\$94)	-43%
Other Revenue	\$64,406	\$1,773	\$62,633	3533%
Total Revenue	<u>\$266,623</u>	<u>\$226,603</u>	<u>\$40,020</u>	<u>18%</u>
Administration	\$58,502	\$57,540	\$962	2%
Tenant Services	\$0	\$3,842	(\$3,842)	-100%
Utilities	\$16,040	\$15,314	\$726	5%
Ordinary Maintenance	\$64,063	\$64,608	(\$545)	-1%
General Expense	\$49,162	\$46,363	\$2,799	6%
Casualty Losses	\$20,908	\$30,188	(\$9,280)	-31%
Depreciation	\$39,623	\$48,438	(\$8,815)	-18%
Total Expenses	<u>\$248,298</u>	<u>\$266,293</u>	<u>(\$17,995)</u>	<u>-7%</u>
Excess of Revenue over Expenses	<u>\$18,325</u>	<u>(\$39,690)</u>	<u>\$58,015</u>	<u>-146%</u>
Net Position, Beginning of Year	<u>\$383,053</u>	<u>\$422,743</u>	<u>(\$39,690)</u>	<u>-9%</u>
Net Position, End of Year	<u><u>\$401,378</u></u>	<u><u>\$383,053</u></u>	<u><u>\$18,325</u></u>	<u><u>5%</u></u>

HOUSING AUTHORITY OF THE TOWN OF WELSH
Welsh, Louisiana

MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A) – (Continued)

June 30, 2022

Housing Authority Activities & Highlights – (Continued)

Results of Operations

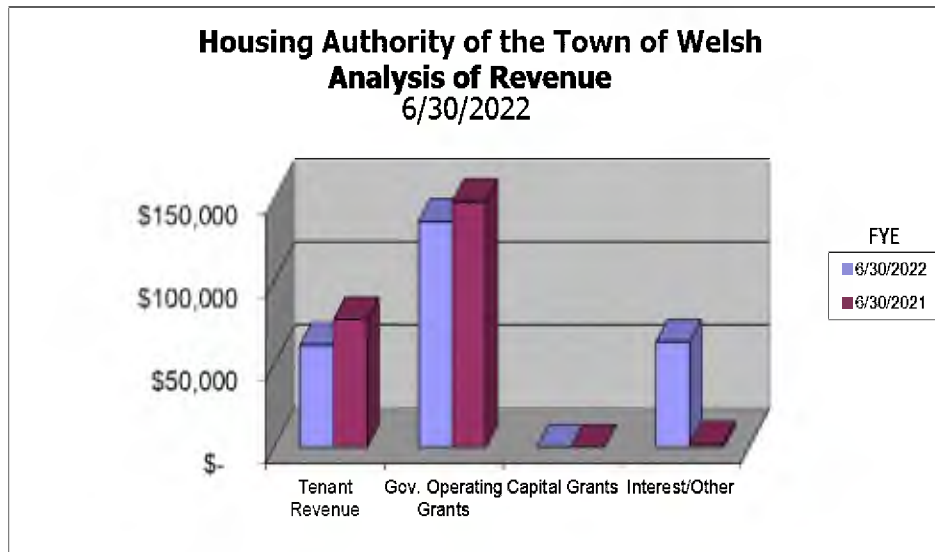
Revenues of the Authority are generated principally from dwelling rents and HUD grants (including Operating and Capital Funds). The Authority’s revenue increased by \$40,020 during the current fiscal year. Significant changes in revenues are as follows:

- Tenant Revenue decreased by \$15,662 due primarily to the reduced number of units leased from the previous year. Unit months leased decreased from 358 to 237.
- Government grants decreased by \$19,013 or 13% during the current year primarily due to a FEMA grant received in the prior year.
- Capital grants increased by \$12,156 due to an increase in capital projects funded by the Capital Fund Program.
- Other revenue increased by \$62,633 due primarily to insurance proceeds received in the current year.

The Authority’s total expenses decreased by \$1,665 from the previous year. Significant changes in expenses are as follows:

- Tenant services decreased by \$3,842 due to expenses related to COVID-19 incurred in the prior year.

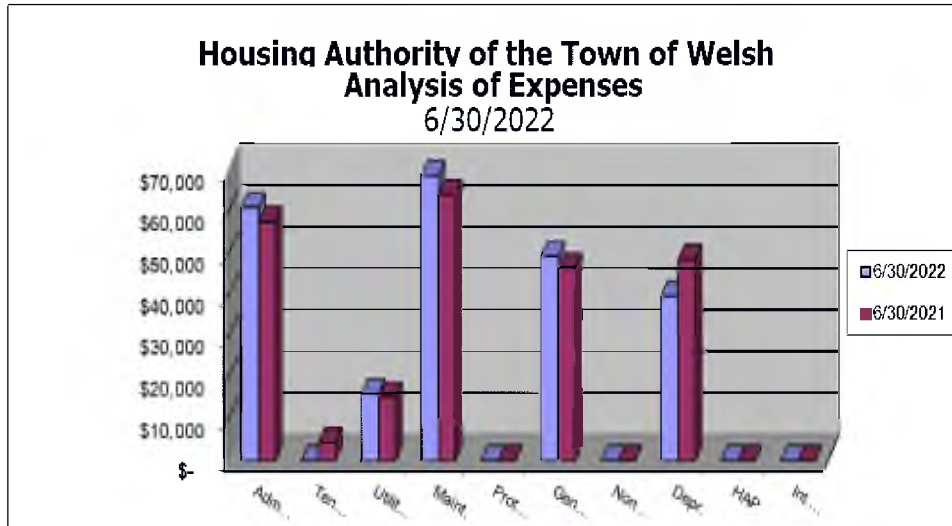
We have provided the following presentations to demonstrate the revenues and expenses by summarized account category:



HOUSING AUTHORITY OF THE TOWN OF WELSH
Welsh, Louisiana

MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A) – (Continued)
June 30, 2022

Housing Authority Activities & Highlights – (Continued)



Net Fixed Assets

As of June 30, 2022, the Authority’s investment in capital assets was \$230,068. This investment includes land, buildings, and equipment less accumulated depreciation.

	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>Change</u>
Land	\$35,951	\$35,951	\$0	0%
Buildings	\$2,544,313	\$2,534,106	\$10,207	0%
Equipment	\$46,440	\$44,491	\$1,949	4%
Subtotal	\$2,626,704	\$2,614,548	\$12,156	0%
Accumulated depreciation	(\$2,396,636)	(\$2,357,013)	(\$39,623)	2%
Total Net Fixed Assets	<u>\$230,068</u>	<u>\$257,535</u>	<u>(\$27,467)</u>	<u>-11%</u>

Additions to buildings include the purchase of a backflow preventor and a condenser. Additions to equipment include the purchase of ranges.

Long Term Debt Liability

The Authority classifies a portion of the employee’s leave as long-term debt. This is because the Authority does not anticipate paying out the total amount accrued in the upcoming fiscal year. The amount estimated as long term was \$17,465.

Subsequent Event

As of the time of this analysis, HUD has not finalized the funding levels for the 2022 calendar year. The operating subsidy for the Low Rent Housing Program is estimated to be funded at 104.33%.

HOUSING AUTHORITY OF THE TOWN OF WELSH
Welsh, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – (Continued)
June 30, 2022

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
Executive Director
PO Box 430
Welsh, LA 70591-0430

HOUSING AUTHORITY OF THE TOWN OF WELSH
Welsh, Louisiana

STATEMENT OF NET POSITION

June 30, 2022

ASSETS

Current Assets:

Cash and cash equivalents	\$	135,446
Cash - restricted		4,337
Investments		36,592
Receivables - net of allowances		1,893
Inventory - net of allowances		1,466
Prepaid expenses		<u>25,796</u>

Total Current Assets 205,530

Non-current Assets:

Capital assets:

Land and construction in progress		35,951
Other capital assets, net of depreciation		<u>194,117</u>

Total capital assets - net 230,068

Total Non-current Assets 230,068

Total Assets \$ 435,598

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE TOWN OF WELSH
Welsh, Louisiana

STATEMENT OF NET POSITION - (Continued)

June 30, 2022

LIABILITIES

Current Liabilities:

Accounts payable	\$	4,751
Accrued salaries and benefits		4,412
Tenant security deposit liability		4,337
Accrued compensated absences		2,081
Unearned revenues		1,174

Total Current Liabilities 16,755

Non-current Liabilities:

Compensated absences		<u>17,465</u>
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Total Non-current Liabilities 17,465

Total Liabilities 34,220

NET POSITION

Net investment in capital assets		230,068
Unrestricted		<u>171,310</u>

Total Net Position 401,378

Total Liabilities and Net Position \$ 435,598

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, 2022

OPERATING REVENUES	
Tenant revenue	\$ 61,144
Governmental grants and subsidy	128,790
Miscellaneous	<u>64,406</u>
Total operating revenue	<u>254,340</u>
OPERATING EXPENSES	
Administrative	58,502
Utilities	16,040
Ordinary maintenance and operations	64,063
Insurance	37,146
General	12,016
Non routine maintenance	20,908
Depreciation expense	<u>39,623</u>
Total operating expenses	<u>248,298</u>
Operating income (loss)	<u>6,042</u>
NON-OPERATING REVENUES (EXPENSES)	
Investment income	<u>127</u>
Net non-operating revenues (expenses)	<u>127</u>
Income (loss) before contributions and transfers	<u>6,169</u>
Capital contributions	<u>12,156</u>
Change in net position	18,325
Total net position - beginning of year	<u>383,053</u>
Total net position - end of year	<u>\$ 401,378</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, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Received from tenants	\$ 59,203
Received from governmental grants and subsidy	145,609
Received from other operating activities	63,202
Payments for goods and services	(127,330)
Payments to employees	(74,652)
Payment in lieu of taxes	<u>(5,741)</u>
Net cash provided by (used in) operating activities	<u>60,291</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from capital contributions	12,156
Purchases of capital assets	<u>(12,156)</u>
Net cash provided by (used in) capital and related financing activities	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds (payments) from sale (purchase) of investments	(127)
Receipts of interest and dividends	<u>127</u>
Net cash provided by (used in) investing activities	<u>-</u>
Net increase (decrease) in cash and cash equivalents	60,291
Cash and cash equivalents at beginning of year	<u>79,492</u>
Cash and cash equivalents at end of year	\$ <u><u>139,783</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, 2022

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

Operating income (loss)	\$	6,042
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense		39,623
Change in assets and liabilities:		
Receivables, net		17,054
Inventories, net		(491)
Prepaid expenses		(1,534)
Accounts and other payables		(1,848)
Tenant security deposit		(1,090)
Unearned revenues		(424)
Compensated absences		3,421
Accrued expenses		<u>(462)</u>
Net cash provided by (used) by operating activities	\$	<u><u>60,291</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, 2022

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 Public and Indian 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, 2022

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.

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.

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.

HOUSING AUTHORITY OF THE TOWN OF WELSH
Welsh, Louisiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
June 30, 2022

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

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 miscellaneous 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.

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

HOUSING AUTHORITY OF THE TOWN OF WELSH
Welsh, Louisiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
June 30, 2022

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

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

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 Public and Indian Housing 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, 2022

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
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, 2022, 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, 2022

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, 2022, the Authority had the following cash deposits and investments:

Cash deposits	\$	139,783
Certificate of deposits		<u>36,592</u>
Total	\$	<u><u>176,375</u></u>

Following is a reconciliation of the Authority's deposit balances as of June 30, 2022:

Cash and cash equivalents	\$	135,446
Restricted assets		4,337
Investments		<u>36,592</u>
Total	\$	<u><u>176,375</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, 2022, the Authority's bank balances of \$148,076 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, 2022, the Authority's investment balance of \$36,592 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, 2022

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, 2022, 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>36,592</u>	11/29/2022

3B. Restricted Assets

Restricted assets at June 30, 2022 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>4,337</u>	\$ <u>----</u>	\$ <u>----</u>	\$ <u>4,337</u>

3C. Accounts Receivable

Receivables at June 30, 2022 consist of the following:

Tenants	\$ 1,160
Less: Allowance for doubtful account	<u>(471)</u>
Tenants - net of allowance	689
Miscellaneous - other	<u>1,204</u>
Total Receivables	\$ <u>1,893</u>

3D. Inventory

Inventory at June 30, 2022 comprised of the following:

Inventory	\$ 1,629
Less: Allowance for obsolete inventory	<u>(163)</u>
Inventory - net of allowance	\$ <u>1,466</u>

HOUSING AUTHORITY OF THE TOWN OF WELSH
Welsh, Louisiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
June 30, 2022

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

3E. Capital Assets

A summary of capital asset activity for the year ended June 30, 2022 is as follows:

	Balance July 1, 2021	Additions	(Retirement)	Balance June 30, 2022
Non-depreciable assets:				
Land	\$ 35,951	\$ -	\$ -	\$ 35,951
Total non-depreciable assets	35,951	-	-	35,951
Depreciable assets:				
Building	2,534,106	10,207	-	2,544,313
Equipment - dwelling	13,188	1,949	-	15,137
Equipment - administration	31,303	-	-	31,303
Total depreciable assets	2,578,597	12,156	-	2,590,753
Accumulated depreciation	(2,357,013)	(39,623)	-	(2,396,636)
Total depreciable assets, net	221,584	(27,467)	-	194,117
Capital assets, net	\$ 257,535	\$ (27,467)	\$ -	\$ 230,068

Depreciation expense is charged to programs as follows:

	Business-type Activities
Public and Indian Housing	\$ 39,210
Public Housing Capital Fund	413
Total depreciation expense	\$ 39,623

3F. Accounts Payable

Accounts payable at June 30, 2022 consist of the following:

Vendors & contractors	\$ 315
PILOT	4,436
Total Accounts Payable	\$ 4,751

HOUSING AUTHORITY OF THE TOWN OF WELSH
Welsh, Louisiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
June 30, 2022

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

3G. Non-current liabilities

Non-current liabilities at June 30, 2022 consist of the following:

Accrued compensated absences \$ 17,465

Changes in non-current liabilities

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

<u>Description</u>	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2022</u>	<u>Amounts Due within One Year</u>
Accrued compensated absences	\$ <u>15,061</u>	\$ <u>2,404</u>	\$ <u>---</u>	\$ <u>17,465</u>	\$ <u>2,081</u>

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.

	<u>Transfers In</u>	<u>Transfers Out</u>
Public and Indian Housing	\$ 19,826	\$ -
Public Housing Capital Fund	-	(19,826)
	<u>\$ 19,826</u>	<u>\$ (19,826)</u>

Inter-program Receivable/Payable

Inter-program receivable/payable is eliminated for financial statement presentation. No inter-program receivable/payable existed at June 30, 2022.

HOUSING AUTHORITY OF THE TOWN OF WELSH
Welsh, Louisiana

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
June 30, 2022

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, 2022:

Total payroll	\$	61,968
Total payroll for eligible participants	\$	60,647
Employer contributions	\$	5,155

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, 2022

NOTE 4 – OTHER NOTES - (Continued)

4D. Commitments - Construction

At June 30, 2022, the Authority had pending 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	\$ 22,796
CFP 501-18	70,695	28,597
CFP 501-19	73,930	29,340
CFP 501-20	79,504	3,199
CFP 501-21	82,511	16,502
Public Housing – Cares Act	13,023	13,023

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 and capital contributions 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 November 21, 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 2023 federal budget.

HOUSING AUTHORITY OF THE TOWN OF WELSH
Welsh, Louisiana

FINANCIAL DATA SCHEDULE
Year Ended June 30, 2022

	Project Total	14. PHC Public Housing CARES Act Funding	1. Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$118,870		\$16,576	\$135,446		\$135,446
114 Cash - Tenant Security Deposits	\$4,337			\$4,337		\$4,337
100 Total Cash	\$123,207		\$16,576	\$139,783		\$139,783
125 Accounts Receivable - Miscellaneous	\$1,204			\$1,204		\$1,204
126 Accounts Receivable - Tenants	\$1,160			\$1,160		\$1,160
126.1 Allowance for Doubtful Accounts -Tenants	-\$471			-\$471		-\$471
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$1,893			\$1,893		\$1,893
131 Investments - Unrestricted	\$36,592			\$36,592		\$36,592
142 Prepaid Expenses and Other Assets	\$25,796			\$25,796		\$25,796
143 Inventories	\$1,629			\$1,629		\$1,629
143.1 Allowance for Obsolete Inventories	-\$163			-\$163		-\$163
150 Total Current Assets	\$188,954		\$16,576	\$205,530		\$205,530
161 Land	\$35,951			\$35,951		\$35,951
162 Buildings	\$2,544,313			\$2,544,313		\$2,544,313
163 Furniture, Equipment & Machinery - Dwellings	\$15,137			\$15,137		\$15,137
164 Furniture, Equipment & Machinery - Administration	\$31,303			\$31,303		\$31,303
166 Accumulated Depreciation	-\$2,396,636			-\$2,396,636		-\$2,396,636
160 Total Capital Assets, Net of Accumulated Depreciation	\$230,068			\$230,068		\$230,068
180 Total Non-Current Assets	\$230,068			\$230,068		\$230,068
290 Total Assets and Deferred Outflow of Resources	\$419,022		\$16,576	\$435,598		\$435,598

HOUSING AUTHORITY OF THE TOWN OF WELSH
Welsh, Louisiana

FINANCIAL DATA SCHEDULE - (Continued)
Year Ended June 30, 2022

	Project Total	14. PHC Public Housing CARES Act Funding	1. Business Activities	Subtotal	ELIM	Total
312 Accounts Payable <= 90 Days	\$315			\$315		\$315
321 Accrued Wage/Payroll Taxes Payable	\$4,412			\$4,412		\$4,412
322 Accrued Compensated Absences - Current Portion	\$2,081			\$2,081		\$2,081
333 Accounts Payable - Other Government	\$4,436			\$4,436		\$4,436
341 Tenant Security Deposits	\$4,337			\$4,337		\$4,337
342 Unearned Revenue	\$1,174			\$1,174		\$1,174
310 Total Current Liabilities	\$16,755			\$16,755		\$16,755
354 Accrued Compensated Absences - Non Current	\$17,465			\$17,465		\$17,465
350 Total Non-Current Liabilities	\$17,465			\$17,465		\$17,465
300 Total Liabilities	\$34,220			\$34,220		\$34,220
508.4 Net Investment in Capital Assets	\$230,068			\$230,068		\$230,068
512.4 Unrestricted Net Position	\$154,734		\$16,576	\$171,310		\$171,310
513 Total Equity - Net Assets / Position	\$384,802		\$16,576	\$401,378		\$401,378
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$419,022		\$16,576	\$435,598		\$435,598

HOUSING AUTHORITY OF THE TOWN OF WELSH
Welsh, Louisiana

FINANCIAL DATA SCHEDULE - (Continued)
Year Ended June 30, 2022

	Project Total	14. PHC Public Housing CARES Act Funding	1. Business Activities	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$60,400			\$60,400		\$60,400
70400 Tenant Revenue - Other	\$744			\$744		\$744
70500 Total Tenant Revenue	\$61,144			\$61,144		\$61,144
70600 HUD PHA Operating Grants	\$121,739	\$7,051		\$128,790		\$128,790
70610 Capital Grants	\$12,156			\$12,156		\$12,156
71100 Investment Income - Unrestricted	\$127			\$127		\$127
71500 Other Revenue	\$64,406			\$64,406		\$64,406
70000 Total Revenue	\$259,572	\$7,051		\$266,623		\$266,623
91100 Administrative Salaries	\$36,110			\$36,110		\$36,110
91200 Auditing Fees	\$5,230			\$5,230		\$5,230
91400 Advertising and Marketing	\$154			\$154		\$154
91500 Employee Benefit contributions - Administrative	\$6,118			\$6,118		\$6,118
91600 Office Expenses	\$2,741	\$2,472		\$5,213		\$5,213
91800 Travel	\$324			\$324		\$324
91900 Other	\$5,353			\$5,353		\$5,353
91000 Total Operating - Administrative	\$56,030	\$2,472		\$58,502		\$58,502
93100 Water	\$4,476			\$4,476		\$4,476
93200 Electricity	\$6,632			\$6,632		\$6,632
93300 Gas	\$1,701			\$1,701		\$1,701
93600 Sewer	\$3,231			\$3,231		\$3,231
93000 Total Utilities	\$16,040			\$16,040		\$16,040
94100 Ordinary Maintenance and Operations - Labor	\$25,569	\$289		\$25,858		\$25,858
94200 Ordinary Maintenance and Operations - Materials and Other	\$20,987	\$4,290		\$25,277		\$25,277
94300 Ordinary Maintenance and Operations Contracts	\$9,117			\$9,117		\$9,117
94500 Employee Benefit Contributions - Ordinary Maintenance	\$3,811			\$3,811		\$3,811
94000 Total Maintenance	\$59,484	\$4,579		\$64,063		\$64,063

HOUSING AUTHORITY OF THE TOWN OF WELSH
Welsh, Louisiana

FINANCIAL DATA SCHEDULE - (Continued)
Year Ended June 30, 2022

	Project Total	14. PHC Public Housing CARES Act Funding	1. Business Activities	Subtotal	ELIM	Total
96110 Property Insurance	\$28,078			\$28,078		\$28,078
96120 Liability Insurance	\$3,379			\$3,379		\$3,379
96130 Workmen's Compensation	\$3,400			\$3,400		\$3,400
96140 All Other Insurance	\$2,289			\$2,289		\$2,289
96100 Total insurance Premiums	\$37,146			\$37,146		\$37,146
96210 Compensated Absences	\$5,714			\$5,714		\$5,714
96300 Payments in Lieu of Taxes	\$4,436			\$4,436		\$4,436
96400 Bad debt - Tenant Rents	\$1,866			\$1,866		\$1,866
96000 Total Other General Expenses	\$12,016			\$12,016		\$12,016
96900 Total Operating Expenses	\$180,716	\$7,051		\$187,767		\$187,767
97000 Excess of Operating Revenue over Operating Expenses	\$78,856			\$78,856		\$78,856
97200 Casualty Losses - Non-capitalized	\$20,908			\$20,908		\$20,908
97400 Depreciation Expense	\$39,623			\$39,623		\$39,623
90000 Total Expenses	\$241,247	\$7,051		\$248,298		\$248,298
10010 Operating Transfer In	\$19,826			\$19,826	-\$19,826	
10020 Operating transfer Out	-\$19,826			-\$19,826	\$19,826	
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$18,325			\$18,325		\$18,325
11030 Beginning Equity	\$366,477		\$16,576	\$383,053		\$383,053
11190 Unit Months Available	237			237		237
11210 Number of Unit Months Leased	237			237		237
11270 Excess Cash	\$129,878			\$129,878		\$129,878
11620 Building Purchases	\$10,207			\$10,207		\$10,207
11630 Furniture & Equipment - Dwelling Purchases	\$1,949			\$1,949		\$1,949

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, 2022

Agency Head Name: Calena Sanchez Boullard

EXPENDITURE PURPOSE

Salary	\$	35,654
Benefits – Insurance		---
Benefits – Retirement		3,737
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><u>39,391</u></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, 2022

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, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued my report thereon dated November 21, 2022.

Report on 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 #2022-001.

Report on 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

November 21, 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, 2022 and have issued my reports thereon dated November 21, 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 November 21, 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
November 21, 2022

HOUSING AUTHORITY OF THE TOWN OF WELSH
Welsh, Louisiana

AGREED UPON PROCEDURES

June 30, 2022

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, 2022

The prior audit report for the year ended June 30, 2021 contained one audit finding:

2021-001	Finding:	Segregation of Duties.
	Status:	Not implemented – see current finding 2022-001.

HOUSING AUTHORITY OF THE TOWN OF WELSH
Welsh, Louisiana

CURRENT FINDINGS, RECOMMENDATIONS AND REPLIES
June 30, 2022

The current audit report for the year ended June 30, 2022 disclosed the following audit finding:

2022-001. 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 receive up to date bank statements at every board meeting, and 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.