

**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, 2019**

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, 2019, 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, 2019, 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 accompanying PHA's Statement of Certification of Actual Modernization Costs, the Financial Data Schedule and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying PHA's Statement of Certification of Actual Modernization Costs, the Financial Data Schedule and other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the accompanying PHA's Statement of Certification of Actual Modernization Cost, the Financial Data Schedule and other supplementary information are 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 December 5, 2019 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

December 5, 2019

HOUSING AUTHORITY OF THE TOWN OF WELSH  
Welsh, Louisiana

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
June 30, 2019

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**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, 2019. The Welsh Housing Authority presents this discussion and analysis of its financial performance during the fiscal year ended June 30, 2019, 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, 2019

**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, 2019 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, 2019.

**Financial Highlights**

- The Welsh Housing Authority’s total net position decreased from \$519,011 in 2018 to \$481,650 in 2019, for a decrease of \$37,361. The total assets decreased by \$33,491 or 6% from the previous year.
- The unrestricted component of net position’s balance is reported as \$127,676 at June 30, 2019. This represents an increase of \$18,712, or 17% from the previous year.
- Total revenues decreased from \$260,513 in 2018 to \$256,581 in 2019, representing a decrease of \$3,932 or 2%.
- Total expenses decreased by \$1,462 from \$295,404 to \$293,942 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, 2019 and June 30, 2018.

***Summary Statement of Net Position  
Years Ended June 30, 2019 and 2018***

Category	6/30/2019	6/30/2018	Change \$	Change %
Current Assets	\$ 165,470	\$ 142,888	\$ 22,582	16%
Fixed Assets (Net of Depreciation)	\$ 353,974	\$ 410,047	\$ (56,073)	-14%
Total Assets	\$ 519,444	\$ 552,935	\$ (33,491)	-6%
Current Liabilities	\$ 24,980	\$ 25,813	\$ (833)	-3%
Non Current Liabilities	\$ 12,814	\$ 8,111	\$ 4,703	58%
Total Liabilities	\$ 37,794	\$ 33,924	\$ 3,870	11%
Unrestricted	\$ 127,676	\$ 108,964	\$ 18,712	17%
Restricted	\$ -	\$ -		
Net Investment in Capital Assets	\$ 353,974	\$ 410,047	\$ (56,073)	-14%
Total Net Position	\$ 481,650	\$ 519,011	\$ (37,361)	-7%

HOUSING AUTHORITY OF THE TOWN OF WELSH  
Welsh, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – (Continued)  
June 30, 2019

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*Housing Authority Activities & Highlights – (Continued)*

*Current Assets*

Current assets increased by \$22,582, from \$142,888 in 2018 to \$165,470 in 2019. Total unrestricted cash balance increased by \$21,248. This increase is partly due to net income from the management program.

*Fixed Assets (Net of Depreciation)*

Noncurrent assets decreased by \$56,073, from \$410,047 in 2018 to \$353,974 in 2019. 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 from \$25,813 to \$24,980, a decrease of \$833 or 3% for the current year. The primary reason was due to a decrease in accrued liabilities – other in the amount of \$1,190.

*Noncurrent Liabilities*

The Authority had accrued leave compensated absences classified as a long-term liability in the amount of \$12,814 as of June 30, 2019.

*Net Position*

The Authority's total net position decreased by \$37,361 or 7% from the previous year.

The Authority's unrestricted component of net position increased from \$108,964 to \$127,676, an increase of \$18,712, or 17% for the current year. 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, 2019

**Housing Authority Activities & Highlights – (Continued)**

***Summary Statement of Revenues & Expenses and Changes in Net Position  
Years Ended June 30, 2019 and 2018***

<u>Category</u>	6/30/2019	6/30/2018	Change \$	Change %
<b>Program Revenues:</b>				
Tenant Revenue	\$ 100,728	\$ 103,510	\$ (2,782)	-3%
Government Operating Grants	\$ 92,703	\$ 108,632	\$ (15,929)	-15%
Capital Grants	\$ -	\$ 11,497	\$ (11,497)	-100%
Other Revenue	\$ 63,044	\$ 36,836	\$ 26,208	71%
Interest Income	\$ 106	\$ 38	\$ 68	179%
<b>Total Revenue</b>	<b>\$ 256,581</b>	<b>\$ 260,513</b>	<b>\$ (3,932)</b>	<b>-2%</b>
<b>Expenses:</b>				
Administration	\$ 98,973	\$ 91,249	\$ 7,724	8%
Utilities	\$ 13,002	\$ 16,039	\$ (3,037)	-19%
Ordinary Maintenance	\$ 78,818	\$ 83,650	\$ (4,832)	-6%
Protective Services	\$ 570	\$ -	\$ 570	100%
General/Insurance Expense	\$ 46,506	\$ 38,574	\$ 7,932	21%
Depreciation	\$ 56,073	\$ 65,892	\$ (9,819)	-15%
<b>Total Expenses</b>	<b>\$ 293,942</b>	<b>\$ 295,404</b>	<b>\$ (1,462)</b>	<b>0%</b>
<b>Excess (Deficiency) Before Special Items</b>	<b>\$ (37,361)</b>	<b>\$ (34,891)</b>	<b>\$ (2,470)</b>	<b>7%</b>
<b>Change in Net Position</b>	<b>\$ (37,361)</b>	<b>\$ (34,891)</b>	<b>\$ (2,470)</b>	<b>7%</b>
<b>Net Position, Beginning of Year</b>	<b>\$ 519,011</b>	<b>\$ 553,902</b>	<b>\$ (34,891)</b>	<b>-6%</b>
<b>Net Position, End of Year</b>	<b>\$ 481,650</b>	<b>\$ 519,011</b>	<b>\$ (37,361)</b>	<b>-7%</b>

*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 \$3,932 during the current fiscal year. Significant changes in revenues are as follows:

- HUD Operating Grants decreased by \$15,929 primarily due to a decrease in operating funds received from the Capital Fund Program during the current year.
- Other revenue increased \$26,208. This is primarily due to income related to the management program.
- Capital Grants decreased by \$11,497 due to no activity in the current year.

HOUSING AUTHORITY OF THE TOWN OF WELSH  
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MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – (Continued)  
June 30, 2019

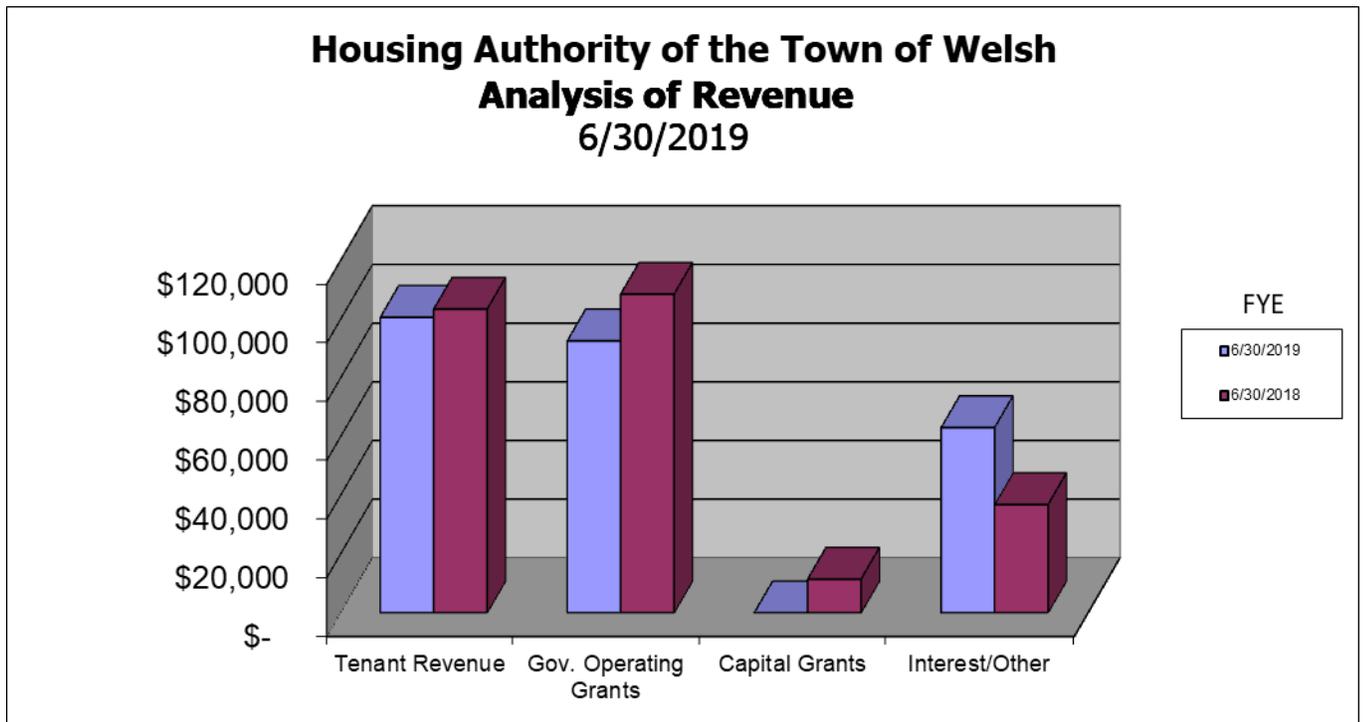
Housing Authority Activities & Highlights – (Continued)

*Results of Operations – (Continued)*

The Authority's total expenses decreased by \$1,462 from the previous year. Significant changes in expenses are as follows:

- Administration increased from \$91,249 to \$98,973 an increase of \$7,724 or 8%. The primary reason for the increase was due to admin salaries and benefits in the amount of \$14,992. There was a decrease in travel in the amount of \$3,143, office expenses in the amount of \$2,418, and auditing fees in the amount of \$2,305.
- Utilities expense decreased from \$16,039 in 2018 to \$13,002 in 2019 an increase of \$3,037. Water decreased by \$2,029, sewer decreased by \$5,225; gas increased by \$65 and electricity increased by \$4,152.
- General increased \$7,932 in the current year due to an increase in bad debt – tenant rent by \$4,385. Insurance expenses also increased by \$2,760.
- Depreciation expense decreased due to several items being fully depreciated in the current year.

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

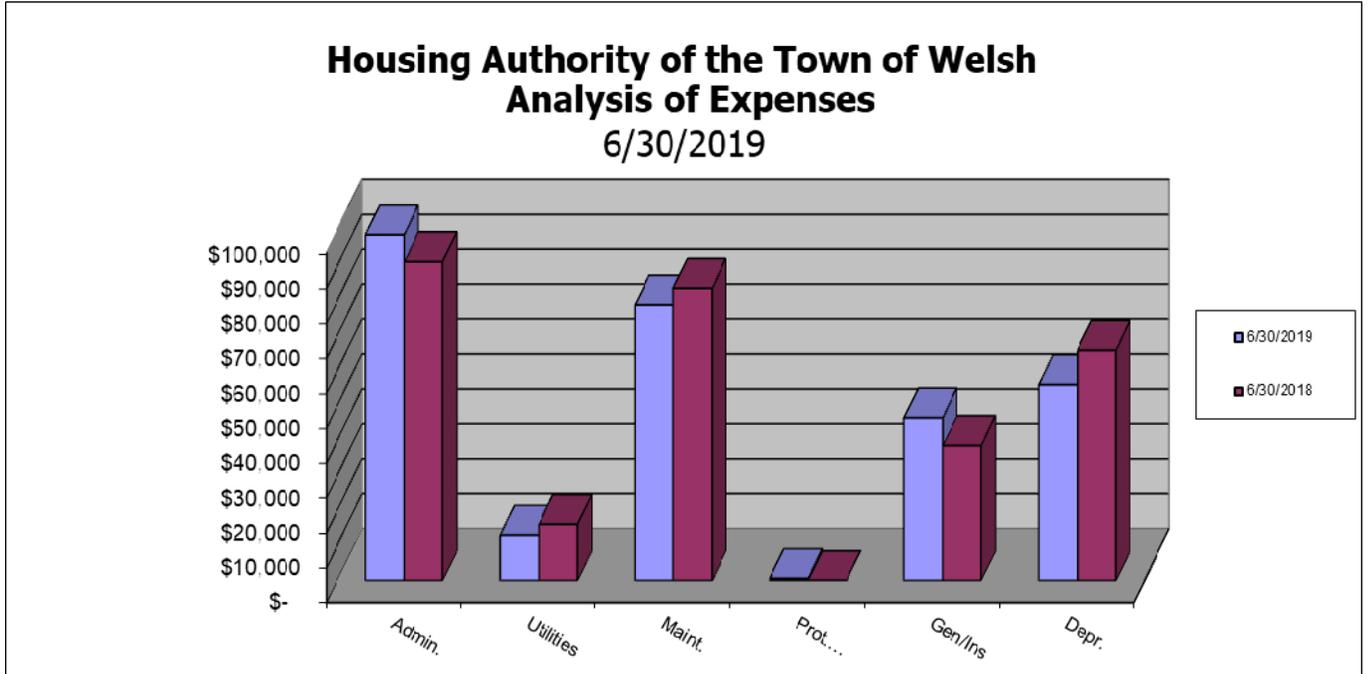


HOUSING AUTHORITY OF THE TOWN OF WELSH  
Welsh, Louisiana

**MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A) – (Continued)**  
June 30, 2019

***Housing Authority Activities & Highlights – (Continued)***

*Results of Operations – (Continued)*



*Net Fixed Assets*

As of June 30, 2019, the Welsh Housing Authority’s investment in capital assets was \$353,974. This investment includes land, buildings, and equipment.

Category	6/30/2019	6/30/2018	Change \$	Change %
Land	\$ 35,951	\$ 35,951	\$ -	0%
Buildings	\$ 2,528,938	\$ 2,528,938	\$ -	0%
Equipment	\$ 46,773	\$ 62,755	\$ (15,982)	-25%
Accumulated Depreciation	\$ (2,257,688)	\$ (2,217,597)	\$ (40,091)	2%
<b>Total Net Fixed Assets</b>	<b>\$ 353,974</b>	<b>\$ 410,047</b>	<b>\$ (56,073)</b>	<b>-14%</b>

- The decrease in equipment is due to the removal of several items.

HOUSING AUTHORITY OF THE TOWN OF WELSH  
Welsh, Louisiana

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – (Continued)**  
June 30, 2019

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**Subsequent Event**

As of the time of this analysis, HUD has not finalized the funding levels for the 2020 calendar year. The operating subsidy for the Low Rent Housing Program will be funded at an estimated 96.33%.

**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, 2019

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**ASSETS**

Current Assets:

Cash and cash equivalents	\$	100,601
Cash - restricted		9,150
Investments		35,696
Receivables - net of allowances		372
Inventory - net of allowances		936
Prepaid expenses		<u>18,715</u>

Total Current Assets 165,470

Non-current Assets:

Capital assets:

Land and construction in progress		35,951
Other capital assets, net of depreciation		<u>318,023</u>

Total capital assets - net 353,974

Total Non-current Assets 353,974

Total Assets \$ 519,444

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE TOWN OF WELSH  
Welsh, Louisiana

**STATEMENT OF NET POSITION - (Continued)**  
June 30, 2019

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**LIABILITIES**

Current Liabilities:

Accounts payable	\$	9,068
Accrued salaries and benefits		5,096
Tenant security deposit liability		9,150
Accrued compensated absences		1,409
Unearned revenues		<u>257</u>

Total Current Liabilities 24,980

Non-current Liabilities:

Compensated absences		<u>12,814</u>
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Total Non-current Liabilities 12,814

Total Liabilities 37,794

**NET POSITION**

Net investment in capital assets		353,974
Unrestricted		<u>127,676</u>

Total Net Position 481,650

Total Liabilities and Net Position \$ 519,444

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, 2019

<b>OPERATING REVENUES</b>	
Tenant revenue	\$ 100,728
Governmental grants and subsidy	92,703
Miscellaneous	<u>63,044</u>
Total operating revenue	<u>256,475</u>
<b>OPERATING EXPENSES</b>	
Administrative	98,973
Utilities	13,002
Ordinary maintenance and operations	78,818
Protective services	570
Insurance	27,395
General	19,111
Depreciation expense	<u>56,073</u>
Total operating expenses	<u>293,942</u>
Operating income (loss)	<u>(37,467)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Investment income	<u>106</u>
Net non-operating revenues (expenses)	<u>106</u>
Income (loss) before contributions and transfers	<u>(37,361)</u>
Change in net position	(37,361)
Total net position - beginning of year	<u>519,011</u>
Total net position - end of year	<u>\$ 481,650</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, 2019

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Received from tenants	\$	95,817
Received from governmental grants and subsidy		92,703
Received from other operating activities		63,044
Payments for goods and services		(114,367)
Payments to employees		(107,947)
Payment in lieu of taxes		<u>(8,452)</u>

Net cash provided by (used in) operating activities 20,798

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds (payments) from sale (purchase) of investments		(89)
Receipts of interest and dividends		<u>89</u>

Net cash provided by (used in) investing activities -

Net increase (decrease) in cash and cash equivalents 20,798

Cash and cash equivalents at beginning of year 88,953

Cash and cash equivalents at end of year \$ 109,751

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, 2019

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

Operating income (loss)	\$	(37,467)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense		56,073
Change in assets and liabilities:		
Receivables, net		33
Inventories, net		114
Prepaid expenses		(1,825)
Accounts and other payables		(1,334)
Tenant security deposit		(450)
Unearned revenues		(38)
Compensated absences		4,818
Accrued expenses		<u>874</u>
Net cash provided by (used) by operating activities	\$	<u><u>20,798</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, 2019

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**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, 2019

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**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 - Low Rent** - 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** - To provide management services to the Housing Authority of the Village of Fenton for a specified amount of fee as stated in the Memorandum of Understanding (MOU).

**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, 2019

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**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 tenant accounts and accrued interest 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, 2019

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**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 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, 2019

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**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:

<b><u>Program</u></b>	<b><u>Required By</u></b>
Public and Indian Housing	U.S. Department of Housing and Urban Development
Public Housing Capital Fund	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:

<b><u>Revenue Source</u></b>	<b><u>Legal Restrictions of Use</u></b>
Public Housing Capital Fund	Modernization

For the year ended June 30, 2019, 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, 2019

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**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, 2019, the Authority had the following cash deposits and investments:

Cash deposits	\$	109,651
Certificate of deposits		35,696
Petty cash		<u>100</u>
Total	\$	<u><u>145,447</u></u>

Following is a reconciliation of the Authority's deposit balances as of June 30, 2019:

Cash and cash equivalents	\$	100,601
Restricted assets		9,150
Investments		<u>35,696</u>
Total	\$	<u><u>145,447</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, 2019, the Authority's bank balances of \$122,287 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, 2019, the Authority's investment balance of \$35,696 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, 2019

**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, 2019, 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>35,696</u>	6/16/2020

**3B. Restricted Assets**

Restricted assets at June 30, 2019 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>9,150</u>	\$ <u>----</u>	\$ <u>----</u>	\$ <u>9,150</u>

**3C. Accounts Receivable**

Receivables at June 30, 2019 consist of the following:

Tenants	\$ 477
Less: Allowance for doubtful account	<u>(125)</u>
Tenants - net of allowance	352
Interest	<u>20</u>
Receivable – net of allowance	\$ <u>372</u>

**3D. Inventory**

Inventory at June 30, 2019 comprised of the following:

Inventory	\$ 1,040
Less: Allowance for obsolete inventory	<u>(104)</u>
Inventory - net of allowance	\$ <u>936</u>

HOUSING AUTHORITY OF THE TOWN OF WELSH  
Welsh, Louisiana

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)**  
June 30, 2019

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

**3E. Capital Assets**

A summary of capital asset activity for the year ended June 30, 2019 is as follows:

	<b>Balance July 1, 2018</b>	<b>Additions</b>	<b>(Retirement)</b>	<b>Reclass/ Transfers in (out)</b>	<b>Balance June 30, 2019</b>
<b>Non-depreciable assets:</b>					
Land	\$ 35,951	\$ -	\$ -	\$ -	\$ 35,951
<b>Total non-depreciable assets</b>	<u>35,951</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,951</u>
<b>Depreciable assets:</b>					
Building	2,528,938	-	-	-	2,528,938
Equipment - dwelling	18,783	-	-	(3,313)	15,470
Equipment - administration	43,972	-	(12,669)	-	31,303
<b>Total depreciable assets</b>	<u>2,591,693</u>	<u>-</u>	<u>(12,669)</u>	<u>(3,313)</u>	<u>2,575,711</u>
<b>Accumulated depreciation</b>	<u>(2,217,597)</u>	<u>(56,073)</u>	<u>15,982</u>	<u>-</u>	<u>(2,257,688)</u>
<b>Total depreciable assets, net</b>	<u>374,096</u>	<u>(56,073)</u>	<u>3,313</u>	<u>(3,313)</u>	<u>318,023</u>
<b>Capital assets, net</b>	<u>\$ 410,047</u>	<u>\$ (56,073)</u>	<u>\$ 3,313</u>	<u>\$ (3,313)</u>	<u>\$ 353,974</u>

Depreciation expense is charged to programs as follows:

	<u>Business-type Activities</u>
Low Rent	\$ 53,956
CFP	<u>2,117</u>
<b>Total depreciation expense</b>	<u>\$ 56,073</u>

**3F. Accounts Payable**

Accounts payable at June 30, 2019 consist of the following:

Vendors & contractors	\$ 746
Accrued utilities	32
PILOT	<u>8,290</u>
<b>Total Accounts Payable</b>	<u>\$ 9,068</u>

HOUSING AUTHORITY OF THE TOWN OF WELSH  
Welsh, Louisiana

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)**  
June 30, 2019

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

**3G. Non-current liabilities**

Non-current liabilities at June 30, 2019 consist of the following:

Accrued compensated absences \$ 12,814

Changes in non-current liabilities

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

<u>Description</u>	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>	<u>Amounts Due within One Year</u>
Accrued compensated absences	\$ 8,111	\$ 4,703	\$ ---	\$ 12,814	\$ 1,409

**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>
Low Rent	\$ 13,243	\$ -
Capital Fund Program	-	(13,243)
	\$ 13,243	\$ (13,243)

**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, 2019:

Total payroll	\$ 97,329
Total payroll for eligible participants	\$ 80,965
Employer contributions	\$ 6,882

HOUSING AUTHORITY OF THE TOWN OF WELSH  
Welsh, Louisiana

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)**  
June 30, 2019

**NOTE 4 – OTHER NOTES - (Continued)**

**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 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.

**4D. Commitments - Construction**

At June 30, 2019, 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 501-16	\$ 43,395	\$ 43,044
CFP 501-17	45,537	12,084
CFP 501-18	70,695	9,110
	<u>\$ 159,627</u>	<u>\$ 64,238</u>

**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 includes investment income in operating activities, which differs from the presentation of basic financial statements.

HOUSING AUTHORITY OF THE TOWN OF WELSH  
Welsh, Louisiana

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)**  
June 30, 2019

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**NOTE 4 – OTHER NOTES - (Continued)**

**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. Management evaluated the activity of the Authority through December 5, 2019 and concluded that no subsequent events have occurred that would require adjustment to or disclosures within these financial statements.

**4G. Affiliated Organizations**

The Authority provided management services to the Housing Authority of the Village of Fenton through a signed Memorandum of Understanding (MOU). The Authority earned \$7,500 in FY 2019 which is included in the miscellaneous operating revenues in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. This affiliation does not meet the criteria under GASB 14, as amended by GASB 39 and 61, for the inclusion in the reporting entity of the Authority, nor do they represent related parties.

**4H. 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 2020 federal budget.

HOUSING AUTHORITY OF THE TOWN OF WELSH  
Welsh, Louisiana

**PHA'S STATEMENT OF CERTIFICATION OF ACTUAL MODERNIZATION COST**  
June 30, 2019

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1. Actual Capital Fund Program costs are as follows:

	<u>CFP 501-15</u>
Funds approved	\$ 41,075
Funds expended	<u>41,075</u>
Excess of Funds Approved	<u>\$ ---</u>
Funds advanced	\$ 41,075
Funds expended	<u>41,075</u>
Excess (deficiency) of Funds Advanced	<u>\$ ---</u>

2. The costs as shown on the Actual Cost Certificate dated April 9, 2019 submitted to HUD for approval is in agreement with the Authority's records as of June 30, 2019.
3. All costs have been paid and all related liabilities have been discharged through payments.

HOUSING AUTHORITY OF THE TOWN OF WELSH  
Welsh, Louisiana

**FINANCIAL DATA SCHEDULE**  
Year Ended June 30, 2019

	Project Total	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$85,745	\$14,856	\$100,601	\$0	\$100,601
114 Cash - Tenant Security Deposits	\$9,150		\$9,150	\$0	\$9,150
100 Total Cash	\$94,895	\$14,856	\$109,751	\$0	\$109,751
126 Accounts Receivable - Tenants	\$477		\$477	\$0	\$477
126.1 Allowance for Doubtful Accounts -Tenants	-\$125		-\$125	\$0	-\$125
129 Accrued Interest Receivable	\$20		\$20	\$0	\$20
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$372	\$0	\$372	\$0	\$372
131 Investments - Unrestricted	\$35,696		\$35,696	\$0	\$35,696
142 Prepaid Expenses and Other Assets	\$18,715		\$18,715	\$0	\$18,715
143 Inventories	\$1,040		\$1,040	\$0	\$1,040
143.1 Allowance for Obsolete Inventories	-\$104		-\$104	\$0	-\$104
150 Total Current Assets	\$150,614	\$14,856	\$165,470	\$0	\$165,470
161 Land	\$35,951		\$35,951	\$0	\$35,951
162 Buildings	\$2,528,938		\$2,528,938	\$0	\$2,528,938
163 Furniture, Equipment & Machinery - Dwellings	\$15,470		\$15,470	\$0	\$15,470
164 Furniture, Equipment & Machinery - Administration	\$31,303		\$31,303	\$0	\$31,303
166 Accumulated Depreciation	-\$2,257,688		-\$2,257,688	\$0	-\$2,257,688
160 Total Capital Assets, Net of Accumulated Depreciation	\$353,974	\$0	\$353,974	\$0	\$353,974
180 Total Non-Current Assets	\$353,974	\$0	\$353,974	\$0	\$353,974
290 Total Assets and Deferred Outflow of Resources	\$504,588	\$14,856	\$519,444	\$0	\$519,444
312 Accounts Payable <= 90 Days	\$746	\$2,256	\$3,002	\$0	\$3,002
321 Accrued Wage/Payroll Taxes Payable	\$2,840		\$2,840	\$0	\$2,840
322 Accrued Compensated Absences - Current Portion	\$1,409		\$1,409	\$0	\$1,409
333 Accounts Payable - Other Government	\$8,290		\$8,290	\$0	\$8,290
341 Tenant Security Deposits	\$9,150		\$9,150	\$0	\$9,150
342 Unearned Revenue	\$257		\$257	\$0	\$257
346 Accrued Liabilities - Other	\$32		\$32	\$0	\$32
310 Total Current Liabilities	\$22,724	\$2,256	\$24,980	\$0	\$24,980
354 Accrued Compensated Absences - Non Current	\$9,430	\$3,384	\$12,814	\$0	\$12,814
350 Total Non-Current Liabilities	\$9,430	\$3,384	\$12,814	\$0	\$12,814
300 Total Liabilities	\$32,154	\$5,640	\$37,794	\$0	\$37,794
508.4 Net Investment in Capital Assets	\$353,974	\$0	\$353,974		\$353,974
512.4 Unrestricted Net Position	\$118,460	\$9,216	\$127,676		\$127,676
513 Total Equity - Net Assets / Position	\$472,434	\$9,216	\$481,650	\$0	\$481,650
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$504,588	\$14,856	\$519,444	\$0	\$519,444

HOUSING AUTHORITY OF THE TOWN OF WELSH  
Welsh, Louisiana

**FINANCIAL DATA SCHEDULE - (Continued)**  
Year Ended June 30, 2019

	Project Total	1 Business Activities	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$95,908		\$95,908	\$0	\$95,908
70400 Tenant Revenue - Other	\$4,820		\$4,820	\$0	\$4,820
70500 Total Tenant Revenue	\$100,728	\$0	\$100,728	\$0	\$100,728
70600 HUD PHA Operating Grants	\$92,703		\$92,703	\$0	\$92,703
71100 Investment Income - Unrestricted	\$106		\$106	\$0	\$106
71500 Other Revenue	\$3,334	\$59,710	\$63,044	\$0	\$63,044
70000 Total Revenue	\$196,871	\$59,710	\$256,581	\$0	\$256,581
91100 Administrative Salaries	\$34,519	\$34,759	\$69,278	\$0	\$69,278
91200 Auditing Fees	\$5,230		\$5,230	\$0	\$5,230
91400 Advertising and Marketing	\$151		\$151	\$0	\$151
91500 Employee Benefit contributions - Administrative	\$5,868	\$5,604	\$11,472	\$0	\$11,472
91600 Office Expenses	\$6,818		\$6,818	\$0	\$6,818
91800 Travel	\$1,077	\$384	\$1,461	\$0	\$1,461
91900 Other	\$4,563		\$4,563	\$0	\$4,563
91000 Total Operating - Administrative	\$58,226	\$40,747	\$98,973	\$0	\$98,973
93100 Water	\$3,792		\$3,792	\$0	\$3,792
93200 Electricity	\$4,828		\$4,828	\$0	\$4,828
93300 Gas	\$616		\$616	\$0	\$616
93600 Sewer	\$3,766		\$3,766	\$0	\$3,766
93000 Total Utilities	\$13,002	\$0	\$13,002	\$0	\$13,002
94100 Ordinary Maintenance and Operations - Labor	\$18,402	\$6,617	\$25,019	\$0	\$25,019
94200 Ordinary Maintenance and Operations - Materials and Other	\$20,930	\$4,868	\$25,798	\$0	\$25,798
94300 Ordinary Maintenance and Operations Contracts	\$23,713	\$1,582	\$25,295	\$0	\$25,295
94500 Employee Benefit Contributions - Ordinary Maintenance	\$2,155	\$551	\$2,706	\$0	\$2,706
94000 Total Maintenance	\$65,200	\$13,618	\$78,818	\$0	\$78,818
95300 Protective Services - Other	\$570		\$570	\$0	\$570
95000 Total Protective Services	\$570	\$0	\$570	\$0	\$570
96110 Property Insurance	\$17,324		\$17,324	\$0	\$17,324
96120 Liability Insurance	\$2,119		\$2,119	\$0	\$2,119
96130 Workmen's Compensation	\$3,572		\$3,572	\$0	\$3,572
96140 All Other Insurance	\$4,380		\$4,380	\$0	\$4,380
96100 Total insurance Premiums	\$27,395	\$0	\$27,395	\$0	\$27,395
96200 Other General Expenses	\$11		\$11	\$0	\$11
96210 Compensated Absences	\$2,970	\$3,384	\$6,354	\$0	\$6,354
96300 Payments in Lieu of Taxes	\$8,290		\$8,290	\$0	\$8,290
96400 Bad debt - Tenant Rents	\$4,456		\$4,456	\$0	\$4,456
96000 Total Other General Expenses	\$15,727	\$3,384	\$19,111	\$0	\$19,111

HOUSING AUTHORITY OF THE TOWN OF WELSH  
Welsh, Louisiana

**FINANCIAL DATA SCHEDULE - (Continued)**  
Year Ended June 30, 2019

	Project Total	1 Business Activities	Subtotal	ELIM	Total
96900 Total Operating Expenses	\$180,120	\$57,749	\$237,869	\$0	\$237,869
97000 Excess of Operating Revenue over Operating Expenses	\$16,751	\$1,961	\$18,712	\$0	\$18,712
97400 Depreciation Expense	\$56,073		\$56,073	\$0	\$56,073
90000 Total Expenses	\$236,193	\$57,749	\$293,942	\$0	\$293,942
10010 Operating Transfer In	\$13,243		\$13,243	-\$13,243	\$0
10020 Operating transfer Out	-\$13,243		-\$13,243	\$13,243	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$39,322	\$1,961	-\$37,361	\$0	-\$37,361
11030 Beginning Equity	\$511,756	\$7,255	\$519,011	\$0	\$519,011
11190 Unit Months Available	432	0	432	0	432
11210 Number of Unit Months Leased	427	0	427	0	427
11270 Excess Cash	\$93,229		\$93,229		\$93,229

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, 2019

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Agency Head Name: Calena Sanchez Boullard

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**EXPENDITURE PURPOSE**

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Salary	\$	69,278
Benefits – Insurance		---
Benefits – Retirement		6,119
Benefits (List any other here)		---
Car allowance		---
Vehicle provided by government		---
Per diem		400
Reimbursements		---
Travel		215
Registration fees		---
Conference Travel		---
Continuing professional education fees		---
Housing		---
Unvouchered expenses*		---
Special meals		---
		<hr/>
<b>TOTAL</b>	<b>\$</b>	<b>76,012</b>

\* 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, 2019

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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, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued my report thereon dated December 5, 2019.

### **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 #2019-001.

### **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

December 5, 2019

HOUSING AUTHORITY OF THE TOWN OF WELSH  
Welsh, Louisiana

**SIGNIFICANT DEFICIENCIES COMMUNICATED IN PRIOR YEAR**  
June 30, 2019

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The prior audit report for the year ended June 30, 2018 contained one audit finding:

2018-001	Finding:	Segregation of Duties
	Status:	Not implemented – see current finding 2019-001

HOUSING AUTHORITY OF THE TOWN OF WELSH  
Welsh, Louisiana

**CURRENT FINDINGS, RECOMMENDATIONS AND REPLIES**  
June 30, 2019

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The current audit report for the year ended June 30, 2019 disclosed the following audit finding:

2019-001. 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 Housing Authority, the Authority segregates duties as much as possible. The Authority has in place controls to limit as much error as possible. The board meets every two months and reviews all financial statements.