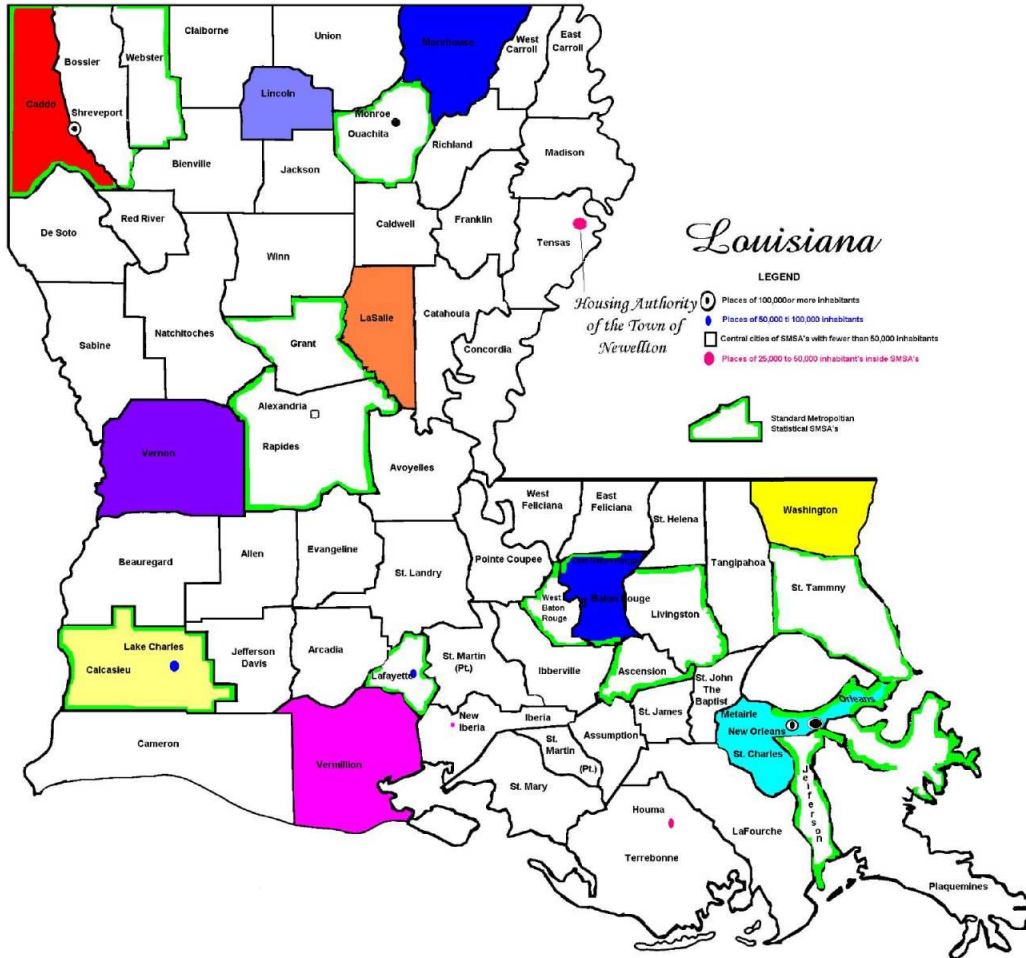


**HOUSING AUTHORITY
OF THE
TOWN OF NEWELLTON, LOUISIANA**

**Annual Financial Statements
June 30, 2018**

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON NEWELLTON, LOUISIANA



* The Newellton Housing Authority is chartered as a public corporation for the purpose of administering housing programs for low income families. Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low-income housing programs in the United States. Accordingly, HUD has entered into a contract with the Newellton Housing Authority to make annual contributions (subsidies) for the purpose of funding its programs for low-income families.

**Housing Authority of the Town of Newellton
Newellton, Louisiana**

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June 30, 2018**

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INDEPENDENT AUDITOR'S REPORT

Housing Authority of the
Town of Newellton
Newellton, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Housing Authority of the Town of Newellton, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Housing 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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Housing Authority of the Town of Newellton, as of June 30, 2018, 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 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the Town of Newellton's basic financial statements. The accompanying Financial Data Schedule, required by HUD, and supplementary schedules and statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Financial Data Schedule and supplementary schedules and statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Financial Data Schedule and supplementary schedules and statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2018, on our consideration of the Housing Authority of the Town of Newellton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority of the Town of Newellton's internal control over financial reporting and compliance.

The Vercher Group

Jena, Louisiana
November 30, 2018

**Housing Authority of the Town of Newellton
Management's Discussion and Analysis
June 30, 2018**

As management of the Housing Authority of the Town of Newellton, we offer readers of the Authority's basic financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with the Authority's basic financial statements, which are attached.

Financial Highlights

The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$54,700 (net position).

As of the close of the current fiscal year, the Authority's ending unrestricted net position was \$41,831 and restricted net position was \$4,523.

The Authority's unrestricted cash balance at June 30, 2018, was \$64,760 and the restricted cash balance was \$4,523.

The Authority had total revenue of \$698,957, in which \$695,730 was operating revenue and \$3,227 was non-operating revenue.

The Authority had total expenses of \$753,730, in which \$100,954 was operating expenses and \$652,776 was non-operating expenses.

The Authority had a change in net position of \$(54,773).

Overview of the Basic Financial Statements

The discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements comprise two components: 1) basic financial statements, and 2) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The Authority is a special-purpose government engaged only in business-type activities. Accordingly, only fund financial statements are required to be presented as the basic financial statements.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund of the Authority is reported as proprietary fund type.

**Housing Authority of the Town of Newellton
Management's Discussion and Analysis - Continued
June 30, 2018**

The 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, 2018.

Statement of Net Position

	<u>2017</u>	<u>2018</u>	<u>% Change</u>
Current Assets	\$ 84,281	\$ 67,162	-20.3
Restricted Assets	52,799	4,523	-91.4
Total Current Assets	<u>137,080</u>	<u>71,685</u>	-47.7
Capital Assets, Net of Depreciation	56,000	53,964	-3.6
Total Non-Current Assets	<u>56,000</u>	<u>53,964</u>	-3.6
Total Assets	<u>193,080</u>	<u>125,649</u>	-34.9
Current Liabilities	28,659	24,101	-15.9
Non-Current Liabilities	54,948	46,848	-14.7
Total Liabilities	<u>83,607</u>	<u>70,949</u>	-15.1
Net Investment in Capital Assets	2,459	8,346	239.4
Restricted Net Position	52,799	4,523	-91.4
Unrestricted Net Position	54,215	41,831	-22.8
Total Net Position	<u>\$ 109,473</u>	<u>\$ 54,700</u>	-50.0

- Total current assets decreased by \$65,395 or 47.7% from last year. The reason for this decrease is due to a decrease in restricted cash of \$48,276.
- Total liabilities decreased by \$12,658 or 15.1%. The reason for this decrease is due to a decrease in notes payable (non-current) of \$8,100.
- Total net position decreased by \$54,773 or 50.0%. The decrease in cash is the main contributory for this decrease.

**Housing Authority of the Town of Newellton
Management's Discussion and Analysis - Continued
June 30, 2018**

The table below lists the revenue and expense comparisons for the year ended June 30, 2018.

Statement of Revenues, Expenses, & Change in Net Position

	<u>2017</u>	<u>2018</u>	<u>% Change</u>
Operating Revenues			
HUD Operating Grant	\$ 823,421	\$ 695,730	-15.5
Total Operating Revenues	<u>823,421</u>	<u>695,730</u>	-15.5
Operating Expenses			
Administrative	87,547	88,414	0.9
Insurance	8,200	670	-91.8
Utilities	-0-	5,698	100.0
Depreciation Expense	-0-	2,036	100.0
General Expenses	7,083	4,136	-41.6
Total Operating Expenses	<u>102,830</u>	<u>100,954</u>	-1.8
Operating Income (Loss)	720,591	594,776	-17.5
Non-Operating Revenues (Expenses)			
Housing Assistance Payments	(685,872)	(650,767)	-5.1
Other Revenue	4,566	3,071	-32.7
Investment Income	226	156	-31.0
Housing Assistance Payments Portability- In	(371)	(2,009)	441.5
Total Non-Operating Revenues (Expenses)	<u>(681,451)</u>	<u>(649,549)</u>	-4.7
Change in Net Position	39,140	(54,773)	-239.9
Net Position – Beginning	70,333	109,473	55.6
Net Position – Ending	\$ <u>109,473</u>	\$ <u>54,700</u>	-50.0

- Operating revenues decreased by \$127,691 or 15.5%. This decrease is due to a decrease in HUD Operating Grants in the amount of \$127,691.
- Operating expenses decreased by \$1,876 or 1.8%. The primary cause of this decrease is due to a decrease in insurance expense in the amount of \$7,530.
- Non-operating revenues (expenditures) decreased by \$31,902 or 4.7% due to a decrease in housing assistance payments of \$35,105.

**Housing Authority of the Town of Newellton
Management's Discussion and Analysis - Continued
June 30, 2018**

Capital Asset & Debt Administration

Capital Assets

As of June 30, 2018, the Authority's investment in capital assets was \$53,964 (net of accumulated depreciation). This investment included a portable building, furniture, and equipment.

Capital Assets	2017	2018
Portable Building	\$ 10,725	\$ 10,725
Building	56,000	56,000
Furniture & Equipment	10,840	10,840
Accumulated Depreciation	(21,565)	(23,601)
Capital Assets, Net of Accumulated Depreciation	\$ 56,000	\$ 53,964

Future Events That Will Impact the Authority

The Authority relies heavily upon HUD operating subsidies. The amount appropriated has not currently been approved for the 2019 year. Therefore, any results of budget shortfalls cannot be determined.

The Authority is under a contract through its Capital Fund Program to continue with the work as stated above and incorporate any new work items into its operation.

Contacting the Authority's Financial Management

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the following address:

Housing Authority of the Town of Newellton
PO Box 1021
Newellton, LA 71357-1021
(318) 467-2151

Basic Financial Statements

**Housing Authority of the Town of Newellton
Newellton, Louisiana
Statement of Net Position
June 30, 2018**

		<u>ENTERPRISE FUNDS</u>
CURRENT ASSETS		
Cash & Cash Equivalents	\$	64,760
Accounts Receivable, Net		-0-
Prepaid Expenses		2,402
RESTRICTED ASSETS:		
Other Restricted Cash		4,523
TOTAL CURRENT ASSETS		<u>71,685</u>
 NONCURRENT ASSETS		
Capital Assets		53,964
TOTAL NONCURRENT ASSETS		<u>53,964</u>
 TOTAL ASSETS		 <u>125,649</u>
 CURRENT LIABILITIES		
Accounts Payable Vendors		7,878
Accounts Payable-HUD		474
Accrued Wages/Payroll Taxes Payable		2,303
Accrued Compensated Absences - Current		337
Unearned Revenue		9,509
Current Portion of Long-Term Debt		3,600
TOTAL CURRENT LIABILITIES		<u>24,101</u>
 NONCURRENT LIABILITIES		
Accrued Compensated Absences - Noncurrent		4,830
Notes Payable		42,018
TOTAL NONCURRENT LIABILITIES		<u>46,848</u>
 TOTAL LIABILITIES		 <u>70,949</u>
 NET POSITION		
Capital Assets, Net Related Debt		8,346
Restricted- Expendable		4,523
Unrestricted		41,831
TOTAL NET POSITION	\$	<u>54,700</u>

The accompanying notes are an integral part of this statement.

**Housing Authority of the Town of Newellton
Newellton, Louisiana
Statement of Revenues, Expenses, & Changes In
Net Position – Proprietary Funds
Year Ended June 30, 2018**

	ENTERPRISE FUND
OPERATING REVENUES	
HUD PHA Operating Grant	\$ 695,730
TOTAL OPERATING REVENUES	695,730
OPERATING EXPENSES	
Administration	88,414
Insurance	670
Utilities	5,698
Depreciation Expense	2,036
Other General Expenses	4,136
TOTAL OPERATING EXPENSES	100,954
OPERATING INCOME (LOSS)	594,776
NONOPERATING REVENUES (EXPENSES)	
Housing Assistance Payments	(650,767)
Other Revenue	3,071
Interest Earnings	156
Housing Assistance Payments Portability-In	(2,009)
TOTAL NONOPERATING REVENUES (EXPENSES)	(649,549)
CHANGE IN NET POSITION	(54,773)
TOTAL NET POSITION – BEGINNING	109,473
TOTAL NET POSITION – ENDING	\$ 54,700

The accompanying notes are an integral part of this statement.

**Housing Authority of the Town of Newellton
Newellton, Louisiana
Statement of Cash Flows
Year Ended June 30, 2018**

	<u>ENTERPRISE FUND</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from HUD	\$ 686,053
Payments to Employees	(47,252)
Payments to Suppliers	(48,468)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>590,333</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Other Revenue	3,071
Housing Assistance Payments	(650,767)
Housing Assistance Payments Portability- In	(2,009)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(649,705)</u>
 CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES	
Acquisition and Construction of Capital Assets	-0-
Principal Payments on Long-Term Debt	(7,923)
NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES	<u>(7,923)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest & Dividends Received	156
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>156</u>
 NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	(67,139)
 CASH, BEGINNING OF YEAR	<u>136,422</u>
CASH, END OF YEAR	<u>69,283</u>
 RECONCILIATION TO BALANCE SHEET	
Cash and Cash Equivalents	64,760
Restricted Cash	4,523
TOTAL CASH & CASH EQUIVALENTS	<u>\$ 69,283</u>

The accompanying notes are an integral part of this statement.

**Housing Authority of the Town of Newellton
Newellton, Louisiana
Statement of Cash Flows
Year Ended June 30, 2018**

Reconciliation

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH
PROVIDED (USED) BY OPERATING ACTIVITIES**

Operating Income (Loss)	\$	594,776
Depreciation Expense		2,036
(Increase) Decrease in Prepaid Expenses		(1,744)
(Increase) Decrease in Accounts Receivable		-0-
Increase (Decrease) in Accounts Payable		4,633
Increase (Decrease) in Accounts Payable-HUD		-0-
Increase (Decrease) in Accrued Wages/Payroll Taxes Payable		309
Increase (Decrease) in Compensated Absences		-0-
Increase (Decrease) in Unearned Revenue		(9,677)
TOTAL ADJUSTMENTS		(4,443)
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		 590,333

LISTING OF NONCASH INVESTING, CAPITAL, & FINANCIAL ACTIVITIES

Contributions of Capital Assets from Government	\$	-0-
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The accompanying notes are an integral part of this statement.

**Housing Authority of the Town of Newellton
Newellton, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

1. SUMMARY OF ORGANIZATION & SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Housing Authority of the Town of Newellton have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

A. REPORTING ENTITY

Housing authorities are chartered as public corporations under the laws LSA-R.S. 40:391 of the State of Louisiana for the purpose of providing safe and sanitary dwelling accommodations. This creation was contingent upon the local governing body of the city or parish declaring a need for the housing authority to function in such city or parish. The Housing Authority of the Town of Newellton is governed by a five member Board of Commissioners. The members, appointed by the Honorable Mayor of the Town of Newellton, serve a term of four years.

The housing authority participates in a Section 8 housing assistance payment program. The housing choice voucher program provides assistance to low-income persons seeking housing by subsidizing rents between residents, and owners of existing private housing. Under this program, the housing authority enters into housing assistance payment contracts with landlords. The program provides for a voucher which can be used by the resident to pay rent to any landlord he chooses.

The housing authority has the following units:

Section 8 Housing Choice Vouchers Authorized	<u>Contract Number</u> FW 2236	<u>Number of Units</u> 251 Enhanced
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GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Because the housing authority is legally separate and fiscally independent, the housing authority is a separate governmental reporting entity. The housing authority includes all funds, activities, et cetera, that are within the oversight responsibility of the housing authority.

The housing authority is a related organization of the Town of Newellton since the Town of Newellton appoints a voting majority of the housing authority's governing board. The Town of Newellton is not financially accountable for the housing authority as it cannot impose its will on the housing authority and there is no potential for the housing authority to provide financial benefit to, or impose financial burdens on, the Town of Newellton. Accordingly, the housing authority is not a component unit of the financial reporting entity of the Town of Newellton.

**Housing Authority of the Town of Newellton
Newellton, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)
JUNE 30, 2018**

Certain units of local government over which the housing authority exercises no oversight responsibility, such as the school board, parish police jury, other independently elected parish officials, and municipalities within the parish, are excluded from the accompanying basic financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the housing authority. In addition, the accompanying financial statements do not include various tenant associations which are legally separate entities.

B. FUNDS

The accounts of the housing authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The fund of the housing authority is a proprietary fund that accounts for the Section 8 Housing Choice Voucher Program.

Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator.

C. EQUITY CLASSIFICATIONS

In the government-wide financial statements, equity is classified as Net Position and displayed in three components as applicable. The components are as follows:

Net Investment in Capital Assets- Capital assets including restricted capital assets, when applicable, net of accumulated depreciation.

Restricted Net Position- Net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position- All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies restricted resources first. The policy concerning which to apply first varies with the intended use and legal requirements. The decision is typically made by management at the incurrence of the expense.

**Housing Authority of the Town of Newellton
Newellton, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)
JUNE 30, 2018**

D. MEASUREMENT FOCUS & BASIS OF ACCOUNTING

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and providing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the housing authority's funds are rent and maintenance charges to residents and administration fees earned. Operating expenses for proprietary funds include the administrative costs of providing the service and the housing assistance payments to residents. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

E. CASH & CASH EQUIVALENTS

Cash includes amounts in demand deposits and interest bearing demand deposits. Cash equivalents include amounts in time deposits and cash with fiscal agent. Under state law, the housing authority may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

F. RECEIVABLES & PAYABLES

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year referred to as either "due to/from other funds" (i.e., the current portion of Interfund loans) or "advances to/from other funds" (i.e., the non-current portion of Interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the accompanying financial statements, are offset by a restriction on net assets. All trade and other receivables are shown net of an allowance for uncollectables.

**Housing Authority of the Town of Newellton
Newellton, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)
JUNE 30, 2018**

G. INVENTORIES & PREPAID ITEMS

All inventories are valued at cost using the first-in/first out method. Inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both basic and fund financial statements.

H. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable columns in the basic financial statements. Capital assets are capitalized at historical cost. The housing maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	30 years
Furniture & Fixtures	3 years

I. LONG-TERM OBLIGATIONS

In the basic financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

J. ESTIMATES

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

**Housing Authority of the Town of Newellton
Newellton, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)
JUNE 30, 2018**

2. CASH & INVESTMENTS (CD'S IN EXCESS OF 90 DAYS)

At June 30, 2018, the housing authority has cash and investments (book balances) totaling \$78,776 as follows:

Demand deposits	\$ <u>78,776</u>
Total	\$ <u>78,776</u>

These deposits are stated at cost, which is approximated market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Entity that the fiscal agent bank has failed to pay deposit funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Entity's name.

Deposits

It is the housing authority's policy for deposits to be 100% secured by collateral at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The housing authority's deposits are categorized to give an indication of the level of risk assumed by the housing authority at year end. The categories are described as follows:

- ***Category 1*** – Insured or collateralized with securities held by the housing authority or by its agent in the housing authority's name.
- ***Category 2*** – Collateralized with securities held by the pledging financial institution's trust department or agent in the housing authority's name.
- ***Category 3*** – Uncollateralized.

**Housing Authority of the Town of Newellton
Newellton, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)
JUNE 30, 2018**

Amounts on deposit are secured by the following pledges:

Description	Tensas State Bank
FDIC (Category 1)	\$ 78,776
Securities (Category 2)	-0-
Total Securities	\$ 78,776

Deposits were fully secured as of June 30, 2018.

The following represents Restricted Cash:

Other Restricted Cash	\$ 4,523
Total Restricted Cash	\$ 4,523

Other Restricted Cash represents funds designated to be paid to lessors and or tenants in Section 8 Program or Disaster Housing Assistance Program (DHAP).

3. CAPITAL ASSETS

All fixed assets are stated at cost. The fixed assets are depreciated using the straight-line method of depreciation with lives ranging from 5-40 years. Changes in fixed assets are as follows:

	6-30-2017	Additions	Deletions	6-30-2018
Portable Building	\$ 10,725	\$ -0-	\$ -0-	\$ 10,725
Building	56,000	-0-	-0-	56,000
Furniture & Equipment	10,840	-0-	-0-	10,840
Total Capital Assets	77,565	-0-	-0-	77,565
Less Accumulated Depreciation	(21,565)	(2,036)	-0-	(23,601)
Total Capital Assets, Net of Depreciation	\$ 56,000	\$ (2,036)	\$ -0-	\$ 53,964

The Town of Newellton has allowed the Housing Authority to use the land, in which the office's portable building is located, rent free.

4. CHANGES IN COMPENSATED ABSENCES PAYABLES

The following is a summary of changes in compensated absences payable at June 30, 2018:

	Current	Noncurrent	Total
Beginning of year	\$ 337	\$ 4,830	\$ 5,167
Additions/Retirements	-0-	-0-	-0-
End of year	\$ 337	\$ 4,830	\$ 5,167

**Housing Authority of the Town of Newellton
Newellton, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)
JUNE 30, 2018**

5. LONG-TERM OBLIGATIONS

To provide for the development and modernization of low-rent housing units, the PHA issued New Housing Authority Bonds and Permanent Notes-FFB. These bonds and notes are payable by HUD and secured by annual contributions. The bonds and notes do not constitute a debt by the Authority, and accordingly, have not been reported in the accompanying financial statements. This debt has been reclassified to HUD equity.

6. CONTINGENT LIABILITIES

At June 30, 2018, the housing authority is subject to possible examinations made by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the housing authority in the current and prior years. These examinations may result in required refunds by the housing authority to federal grantors and/or program beneficiaries.

7. DEFINED CONTRIBUTION PLAN

The housing authority provides pension benefits for all of its full time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the first anniversary date of employment. Each participant in the plan is required to make a monthly contribution equal to five percent of his effective compensation. The employer makes a monthly contribution equal to seven percent of each participant's effective compensation. The housing authority's contribution for each employee (and income allocated to the employee's account) is fully vested after five years of continuous service. The housing authority's contributions for and interest forfeited by employees who leave employment before five years of service are used to offset future contributions of the housing authority.

The housing authority currently has only one employee participating in the plan which was established pursuant to board resolution.

The total payroll for the covered employee was \$47,561. Both the housing authority (7% contribution) and the covered employees (5% contribution) made the required contributions, amounting to \$6,183.

8. RISK MANAGMENT

The housing authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the housing authority carries commercial insurance.

**Housing Authority of the Town of Newellton
Newellton, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)
JUNE 30, 2018**

9. ECONOMIC DEPENDENCY

Statement of Financial Accounting Standard (SFAS) No. 14 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenues. The Department of Housing & Urban Development provided \$695,730 to the housing authority, which represents approximately 99.5% of the housing authority's revenue for the year.

10. RESTRICTED NET ASSETS

Restricted net assets represent funds designated to be paid to lessors and or tenants in Section 8 Program or Disaster Housing Assistance Program (DHAP).

11. CHANGES IN LONG-TERM DEBT

Newellton Housing Authority borrowed \$56,000 from Tensas State Bank on September 28, 2016, payable in 85 monthly payments of \$504.84 at 5% interest until October 28, 2023.

The following is a summary of notes payable transactions of Newellton Housing Authority for the year ended June 30, 2018.

	Balance 6-30-2017	Additions	Principle Paid	Balance 6-30-2018
Loan	\$ 53,538	\$ -0-	\$ (7,920)	\$ 45,618
Total	\$ 53,538	\$ -0-	\$ (7,920)	\$ 45,618

The annual requirements to amortize all debt outstanding as of June 30, 2018, including interest payments, are as follows:

Year Ending June 30,	Principle	Interest	Total
2019	\$ 3,818	\$ 2,240	\$ 6,058
2020	4,189	1,869	6,058
2021	4,397	1,661	6,058
2022	4,498	1,560	6,058
2023-2024	28,716	1,297	30,013
Total	\$ 45,618	\$ 8,627	\$ 54,245

Other Supplemental Schedules

**Housing Authority of the Town of Newellton
Newellton, Louisiana**

**Schedule of Compensation Benefits and Other Payments
to Agency Head or Chief Executive Officer
For the Year Ended June 30, 2018**

Alma McMillin, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 36,000
Benefits-Insurance	8,494
Benefits-Retirement	2,352
Benefits (Expense Allowance)	-0-
Car Allowance	-0-
Vehicle Provided by Government	-0-
Per Diem	-0-
Reimbursements	-0-
Travel	1,370
Registration Fees	-0-
Conference Travel	1,091
Continuing Professional Education Fees	-0-
Housing	-0-
Un-vouchered Expenses*	-0-
Special Meals	\$ -0-

*An example of an un-vouchered expense would be a travel advance.

See independent auditor's report.

**Housing Authority of the Town of Newellton
Newellton, Louisiana
Schedule of Compensation Paid to Board Members
Year Ended June 30, 2018**

<u>Board Member</u>	<u>Title</u>	<u>Salary</u>
Edwin Britt	Commissioner	\$ -0-
Ben Britton	Commissioner	-0-
Richard Dunmore	Commissioner	-0-
Mattie Sampson	Commissioner	-0-
Lavone Garner	Commissioner	\$ -0-

The members of the Board of Commissioners serve without compensation.



Other Reports

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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

Housing Authority of the Town of Newellton
Newellton, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Housing Authority of the Town of Newellton, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Housing Authority of the Town of Newellton's basic financial statements, and have issued our report thereon dated November 30, 2018.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of the Town of Newellton's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

This report is intended solely for the information and use of the audit committee, management, federal awarding agencies and Legislative Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a public document and its distribution is not limited.

The Vercher Group

Jena, Louisiana

November 30, 2018

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

**SCHEDULE OF FINDINGS AND QUESTIONED COST
For the Year Ended June 30, 2018**

Section II Financial Statement Findings

No items to report.

Section III Federal Awards Findings and Question Costs

Not applicable.

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

**MANAGEMENT'S CORRECTIVE ACTION
FOR CURRENT YEAR AUDIT FINDINGS**

FINDINGS:

No findings.

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

**MANAGEMENT'S SUMMARY
OF PRIOR YEAR FINDINGS**

Legislative Auditor
State of Louisiana
Baton Rouge, Louisiana 70804-9397

The management of the Housing Authority of the Town of Newellton, Louisiana has provided the following action summaries relating to review findings brought to their attention as a result of their financial review for the year ended June 30, 2017.

PRIOR YEAR FINDINGS

2017-1 Debt Restrictions (Resolved)

Finding: The Housing Authority incurred long-term indebtedness without the approval of the State Bond Commission. A Louisiana governmental entity may not incur any indebtedness in excess of 90 days without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, and LSA-RS 47:1803-4.

Corrective Action: The Housing Authority will get Bond Commission approval when incurring indebtedness in excess of 90 days.

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AGREED-UPON PROCEDURES REPORT

Housing Authority of the Town of Newellton, Louisiana

Independent Accountant's Report

On Applying Agreed-Upon Procedures

For the Period of July 1, 2016- June 30, 2017

Housing Authority of the Town of
Newellton, Louisiana

To the Housing Authority of the Town of Newellton and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Newellton Housing Authority and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving
 - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
 - g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
 - h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
 - i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
 - j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Observation: We obtained a copy of the written policies and procedures manual and read it for the above items.

Exception: The policy and procedures manual did not address debt service.

Management's Response: The entity will add the items not addressed to its written policies and procedures manual.

Board (or Finance Committee, if applicable)

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Observation:

- A) **We read the minutes of the board meeting and found the board meets quarterly.**
- B) **Budget-to-actual comparisons are not presented at each meeting.**
- C) **Minutes included non-budgetary financial information such as contract approval and disbursement approvals.**

Exception: Budget-to-actual comparisons are not documented in the minutes.

Management's Response: Budget-to-actual comparisons are reviewed at each meeting by the board and it will be documented in the minutes of each meeting.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Observation: We obtained a list of bank accounts from management and management's representation that the list is complete. We selected the month of June 2018 and inspected the corresponding bank statement and reconciliation, where applicable, and observed the following:

- A) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date;
- B) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation; and
- C) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date (there were no checks outstanding more than 12 months old).

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Observation: These procedures were applied in the previous year and no exceptions were noted. These procedures will be applied in the next fiscal year.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.
- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Observation: These procedures were applied in the previous year and no exceptions were noted. These procedures will be applied in the next fiscal year.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Observation: These procedures were applied in the previous year and no exceptions were noted. These procedures will be applied in the next fiscal year.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
- e) Trace the actual deposit per the bank statement to the general ledger.

Observation: These procedures were applied in the previous year and no exceptions were noted. These procedures will be applied in the next fiscal year.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Observation: These procedures were applied in the previous year and no exceptions were noted. These procedures will be applied in the next fiscal year.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Observation: These procedures were applied in the previous year and no exceptions were noted. These procedures will be applied in the next fiscal year.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Observation: These procedures were applied in the previous year and no exceptions were noted. These procedures will be applied in the next fiscal year.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Observation: The entity does not have any active cards, bank debit cards or fuel cards.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
- Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - Observe that finance charges and late fees were not assessed on the selected statements.

Not Applicable

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Not applicable

Travel and Travel-Related Expense Reimbursements

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Observation: These procedures were applied in the previous year and no exceptions were noted. These procedures will be applied in the next fiscal year.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
 - Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Observation: These procedures were applied in the previous year and no exceptions were noted. These procedures will be applied in the next fiscal year.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Observation: These procedures were applied in the previous year and no exceptions were noted. These procedures will be applied in the next fiscal year.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Observation: These procedures were applied in the previous year and no exceptions were noted. These procedures will be applied in the next fiscal year.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records,

and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

Observation: These procedures were applied in the previous year and no exceptions were noted. these procedures will be applied in the next fiscal year.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Observation: These procedures were applied in the previous year and no exceptions were noted. These procedures will be applied in the next fiscal year.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
- b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Observation: These procedures were applied in the previous year and no exceptions were noted. These procedures will be applied in the next fiscal year.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

Observation: No new debt was issued during the year.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Observation: These procedures were applied in the previous year and no exceptions were noted. These procedures will be applied in the next fiscal year.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Observation: These procedures were applied in the previous year and no exceptions were noted. These procedures will be applied in the next fiscal year.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Observation: These procedures were applied in the previous year and no exceptions were noted. These procedures will be applied in the next fiscal year.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

The Vercher Group

Jena, Louisiana

November 30, 2018



Financial Data Schedule

Housing Authority of Newellton (LA169)
 Newellton, LA
Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 06/30/2018

	14.871 Housing Choice Vouchers	97.109 Disaster Housing Assistance Grant	Subtotal	Total
111 Cash - Unrestricted	\$59,229	\$5,531	\$64,760	\$64,760
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted	\$4,523		\$4,523	\$4,523
114 Cash - Tenant Security Deposits				
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	\$63,752	\$5,531	\$69,283	\$69,283
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects				
124 Accounts Receivable - Other Government				
125 Accounts Receivable - Miscellaneous				
126 Accounts Receivable - Tenants				
126.1 Allowance for Doubtful Accounts -Tenants				
126.2 Allowance for Doubtful Accounts - Other				
127 Notes, Loans, & Mortgages Receivable - Current				
128 Fraud Recovery				
128.1 Allowance for Doubtful Accounts - Fraud				
129 Accrued Interest Receivable				
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$0	\$0	\$0

Housing Authority of Newellton (LA169)
Newellton, LA
Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 06/30/2018

131 Investments - Unrestricted				
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets	\$2,402		\$2,402	\$2,402
143 Inventories				

	14.871 Housing Choice Vouchers	97.109 Disaster Housing Assistance Grant	Subtotal	Total
143.1 Allowance for Obsolete Inventories				
144 Inter Program Due From				
145 Assets Held for Sale				
150 Total Current Assets	\$66,154	\$5,531	\$71,685	\$71,685
161 Land				
162 Buildings	\$77,566		\$77,566	\$77,566
163 Furniture, Equipment & Machinery - Dwellings				
164 Furniture, Equipment & Machinery - Administration				
165 Leasehold Improvements				
166 Accumulated Depreciation	-\$23,602		-\$23,602	-\$23,602
167 Construction in Progress				
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$53,964	\$0	\$53,964	\$53,964

Housing Authority of Newellton (LA169)
Newellton, LA
Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 06/30/2018

171 Notes, Loans and Mortgages Receivable - Non-Current				
172 Notes, Loans, & Mortgages Receivable - Non Current - Past				
173 Grants Receivable - Non Current				
174 Other Assets				
176 Investments in Joint Ventures				
180 Total Non-Current Assets	\$53,964	\$0	\$53,964	\$53,964
200 Deferred Outflow of Resources				
290 Total Assets and Deferred Outflow of Resources	\$120,118	\$5,531	\$125,649	\$125,649

	14.871 Housing Choice Vouchers	97.109 Disaster Housing Assistance Grant	Subtotal	Total
311 Bank Overdraft				
312 Accounts Payable <= 90 Days	\$7,878		\$7,878	\$7,878
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable	\$2,303		\$2,303	\$2,303
322 Accrued Compensated Absences - Current Portion	\$337		\$337	\$337
324 Accrued Contingency Liability				
325 Accrued Interest Payable				
331 Accounts Payable - HUD PHA Programs	\$474		\$474	\$474
332 Account Payable - PHA Projects				

Housing Authority of Newellton (LA169)
 Newellton, LA
Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 06/30/2018

333	Accounts Payable - Other Government				
341	Tenant Security Deposits				
342	Unearned Revenue	\$9,509		\$9,509	\$9,509
343	Current Portion of Long-term Debt - Capital				
344	Current Portion of Long-term Debt - Operating Borrowings	\$3,600		\$3,600	\$3,600
345	Other Current Liabilities				
346	Accrued Liabilities - Other				
347	Inter Program - Due To				
348	Loan Liability - Current				
310	Total Current Liabilities	\$24,101	\$0	\$24,101	\$24,101
351	Long-term Debt, Net of Current - Capital Projects/Mortgage				
352	Long-term Debt, Net of Current - Operating Borrowings	\$42,018		\$42,018	\$42,018
353	Non-current Liabilities - Other				
354	Accrued Compensated Absences - Non Current	\$4,830		\$4,830	\$4,830
355	Loan Liability - Non Current				
356	FASB 5 Liabilities				
		14.871 Housing Choice Vouchers	97.109 Disaster Housing Assistance Grant	Subtotal	Total
357	Accrued Pension and OPEB Liabilities				
350	Total Non-Current Liabilities	\$46,848	\$0	\$46,848	\$46,848

Housing Authority of Newellton (LA169)
 Newellton, LA
Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 06/30/2018

300 Total Liabilities	\$70,949	\$0	\$70,949	\$70,949
400 Deferred Inflow of Resources				
508.4 Net Investment in Capital Assets	\$8,346		\$8,346	\$8,346
511.4 Restricted Net Position	\$4,523		\$4,523	\$4,523
512.4 Unrestricted Net Position	\$36,300	\$5,531	\$41,831	\$41,831
513 Total Equity - Net Assets / Position	\$49,169	\$5,531	\$54,700	\$54,700
600 Total Liabilities, Deferred Inflows of Resources and Equity -	\$120,118	\$5,531	\$125,649	\$125,649

Housing Authority of Newellton (LA169)
 Newellton, LA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 06/30/2018

	14.871 Housing Choice Vouchers	97.109 Disaster Housing Assistance Grant	Subtotal	Total
70300 Net Tenant Rental Revenue				
70400 Tenant Revenue - Other				
70500 Total Tenant Revenue	\$0	\$0	\$0	\$0
70600 HUD PHA Operating Grants	\$695,730		\$695,730	\$695,730
70610 Capital Grants				
70710 Management Fee				
70720 Asset Management Fee				
70730 Book Keeping Fee				
70740 Front Line Service Fee				
70750 Other Fees				
70700 Total Fee Revenue				
70800 Other Government Grants				
71100 Investment Income - Unrestricted	\$156		\$156	\$156
71200 Mortgage Interest Income				
71300 Proceeds from Disposition of Assets Held for Sale				
71310 Cost of Sale of Assets				
71400 Fraud Recovery	\$724		\$724	\$724

Housing Authority of Newellton (LA169)
 Newellton, LA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 06/30/2018

71500 Other Revenue	\$2,347		\$2,347	\$2,347
71600 Gain or Loss on Sale of Capital Assets				
72000 Investment Income - Restricted				
70000 Total Revenue	\$698,957	\$0	\$698,957	\$698,957
91100 Administrative Salaries	\$47,561		\$47,561	\$47,561

	14.871 Housing Choice Vouchers	97.109 Disaster Housing Assistance Grant	Subtotal	Total
91200 Auditing Fees	\$7,695		\$7,695	\$7,695
91300 Management Fee				
91310 Book-keeping Fee				
91400 Advertising and Marketing	\$34		\$34	\$34
91500 Employee Benefit contributions - Administrative	\$14,147		\$14,147	\$14,147
91600 Office Expenses	\$10,316		\$10,316	\$10,316
91700 Legal Expense	\$450		\$450	\$450
91800 Travel	\$2,461		\$2,461	\$2,461
91810 Allocated Overhead				
91900 Other	\$5,750		\$5,750	\$5,750
91000 Total Operating - Administrative	\$88,414	\$0	\$88,414	\$88,414
92000 Asset Management Fee				

Housing Authority of Newellton (LA169)
 Newellton, LA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 06/30/2018

92100 Tenant Services - Salaries				
92200 Relocation Costs				
92300 Employee Benefit Contributions - Tenant Services				
92400 Tenant Services - Other				
92500 Total Tenant Services	\$0	\$0	\$0	\$0
93100 Water				
93200 Electricity	\$4,672		\$4,672	\$4,672
93300 Gas				
93400 Fuel				
93500 Labor				
93600 Sewer				
93700 Employee Benefit Contributions - Utilities				

	14.871 Housing Choice Vouchers	97.109 Disaster Housing Assistance Grant	Subtotal	Total
93800 Other Utilities Expense	\$1,026		\$1,026	\$1,026
93000 Total Utilities	\$5,698	\$0	\$5,698	\$5,698
94100 Ordinary Maintenance and Operations - Labor				
94200 Ordinary Maintenance and Operations - Materials and				
94300 Ordinary Maintenance and Operations Contracts				

Housing Authority of Newellton (LA169)
 Newellton, LA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 06/30/2018

94500 Employee Benefit Contributions - Ordinary Maintenance				
94000 Total Maintenance	\$0	\$0	\$0	\$0
95100 Protective Services - Labor				
95200 Protective Services - Other Contract Costs				
95300 Protective Services - Other				
95500 Employee Benefit Contributions - Protective Services				
95000 Total Protective Services	\$0	\$0	\$0	\$0
96110 Property Insurance				
96120 Liability Insurance	\$658		\$658	\$658
96130 Workmen's Compensation	\$12		\$12	\$12
96140 All Other Insurance				
96100 Total insurance Premiums	\$670	\$0	\$670	\$670
96200 Other General Expenses	\$1,500		\$1,500	\$1,500
96210 Compensated Absences				
96300 Payments in Lieu of Taxes				
96400 Bad debt - Tenant Rents				
96500 Bad debt - Mortgages				

Housing Authority of Newellton (LA169)
Newellton, LA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 06/30/2018

	14.871 Housing Choice Vouchers	97.109 Disaster Housing Assistance Grant	Subtotal	Total
96600 Bad debt - Other				
96800 Severance Expense				
96000 Total Other General Expenses	\$1,500	\$0	\$1,500	\$1,500
96710 Interest of Mortgage (or Bonds) Payable				
96720 Interest on Notes Payable (Short and Long Term)	\$2,636		\$2,636	\$2,636
96730 Amortization of Bond Issue Costs				
96700 Total Interest Expense and Amortization Cost	\$2,636	\$0	\$2,636	\$2,636
96900 Total Operating Expenses	\$98,918	\$0	\$98,918	\$98,918
97000 Excess of Operating Revenue over Operating Expenses	\$600,039	\$0	\$600,039	\$600,039
97100 Extraordinary Maintenance				
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments	\$650,767		\$650,767	\$650,767
97350 HAP Portability-In	\$2,009		\$2,009	\$2,009
97400 Depreciation Expense	\$2,036		\$2,036	\$2,036
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				

Housing Authority of Newellton (LA169)
 Newellton, LA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 06/30/2018

97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$753,730	\$0	\$753,730	\$753,730
10010 Operating Transfer In				
10020 Operating transfer Out				

	14.871 Housing Choice Vouchers	97.109 Disaster Housing Assistance Grant	Subtotal	Total
10030 Operating Transfers from/to Primary Government				
10040 Operating Transfers from/to Component Unit				
10050 Proceeds from Notes, Loans and Bonds				
10060 Proceeds from Property Sales				
10070 Extraordinary Items, Net Gain/Loss				
10080 Special Items (Net Gain/Loss)				
10091 Inter Project Excess Cash Transfer In				
10092 Inter Project Excess Cash Transfer Out				
10093 Transfers between Program and Project - In				
10094 Transfers between Project and Program - Out				
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	-\$54,773	\$0	-\$54,773	-\$54,773

Housing Authority of Newellton (LA169)
 Newellton, LA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 06/30/2018

11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$103,942	\$5,531	\$109,473	\$109,473
11040 Prior Period Adjustments, Equity Transfers and Correction				
11050 Changes in Compensated Absence Balance				
11060 Changes in Contingent Liability Balance				
11070 Changes in Unrecognized Pension Transition Liability				
11080 Changes in Special Term/Severance Benefits Liability				
11090 Changes in Allowance for Doubtful Accounts - Dwelling				
11100 Changes in Allowance for Doubtful Accounts - Other				
11170 Administrative Fee Equity	\$44,646		\$44,646	\$44,646
11180 Housing Assistance Payments Equity	\$4,523		\$4,523	\$4,523

	14.871 Housing Choice Vouchers	97.109 Disaster Housing Assistance Grant	Subtotal	Total
11190 Unit Months Available	2294		2294	2294
11210 Number of Unit Months Leased	1809		1809	1809
11270 Excess Cash				
11610 Land Purchases				
11620 Building Purchases				
11630 Furniture & Equipment - Dwelling Purchases				

Housing Authority of Newellton (LA169)
Newellton, LA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 06/30/2018

11640 Furniture & Equipment - Administrative Purchases				
11650 Leasehold Improvements Purchases				
11660 Infrastructure Purchases				
13510 CFFP Debt Service Payments				
13901 Replacement Housing Factor Funds				