

4/23/09

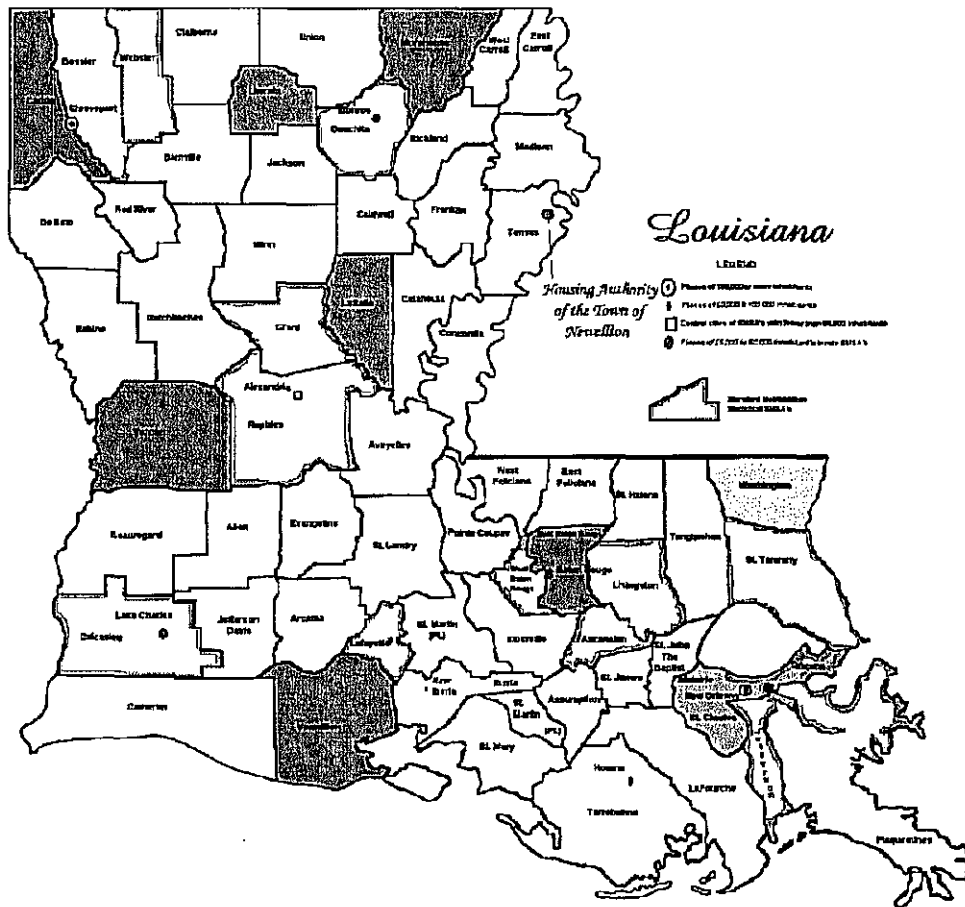
**HOUSING AUTHORITY
OF THE
TOWN OF NEWELLTON, LOUISIANA**

**Annual Financial Statements
June 30, 2008**

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

Release Date 2/11/09

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**

**Table of Contents
June 30, 2008**

	<u>Page No.</u>
Independent Accountant's Report.....	1
Management's Discussion and Analysis.....	2-5
Independent Accountant's Report on Applying Agreed-Upon Procedures.....	6-8
Basic Financial Statements	
Statement of Net Assets.....	10
Statement of Revenues, Expenses, and Changes In Net Assets – Proprietary Funds.....	11
Statement of Cash Flows.....	12
Notes to the Basic Financial Statements.....	13-18
Other Supplemental Schedules	
Schedule of Compensation Paid to Board Members.....	20
Other Reports	
Management Letter Comments.....	22
Management's Summary of Prior Year Findings.....	23

John R. Vercher C.P.A.
jrv@centurytel.net

Jonathan M. Vercher M.S., C.P.A.
jonathanvercher@centurytel.net

JOHN R. VERCHER PC
Certified Public Accountants

P.O. Box 1608
Jena, Louisiana 71342
Tel: (318) 992-6348
Fax: (318) 992-4374

INDEPENDENT ACCOUNTANT'S REPORT

Housing Authority of the Town of Newellton, Louisiana

We have reviewed the accompanying financial statements of the major fund of the Housing Authority of the Town of Newellton, Louisiana as of and for the year ended June 30, 2008, which collectively comprise the Housing Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Housing Authority of the Town of Newellton, Louisiana's management.

Our review was conducted in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards* issued by the Comptroller General of the United States of America. A review consists principally of inquiries of Housing Authority personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, we have issued a report, dated December 17, 2008, on the results of our agreed-upon procedures.

The management's discussion and analysis and supplemental schedules are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but were compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

John R. Vercher PC

Jena, Louisiana
December 17, 2008

**Housing Authority of the Town of Newellton
Management's Discussion and Analysis
June 30, 2008**

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, 2008. 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 \$133,261 (net assets).

As of the close of the current fiscal year, the Authority's ending unrestricted net assets were \$4,068.

The Authority's cash balance at June 30, 2008 was \$139,545.

The Authority had total revenue of \$425,721, in which \$423,610 was operating revenue and \$2,111 was non-operating revenue.

The Authority had total expenses of \$344,050, leaving a total change in net assets of \$81,671.

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.

See accountant's report.

**Housing Authority of the Town of Newellton
Management's Discussion and Analysis - Continued
June 30, 2008**

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, 2008.

Statement of Net Assets

	<u>2007</u>	<u>2008</u>	<u>% Change</u>
Current Assets	\$ 54,869	\$ 140,301	155.7%
Capital Assets Net of Depreciation	-0-	-0-	0.0%
Total Assets	<u>54,869</u>	<u>140,301</u>	155.7%
Current Liabilities	1,018	7,040	591.6%
Non-Current Liabilities	2,261	-0-	-100.0%
Total Liabilities	<u>3,279</u>	<u>7,040</u>	114.7%
Restricted Assets	-0-	129,193	100.0%
Unrestricted Net Assets	51,590	4,068	-92.1%
Total Net Assets	<u>\$ 51,590</u>	<u>\$ 133,261</u>	158.3%

- Total assets increased by \$85,432 or 155.7% from last year. The reason for this increase is due to an increase in cash of \$86,501.
- Total liabilities increased by \$3,761 or 114.7%. The primary reason for this change is that accounts payable increased by \$2,155.
- Total net assets increased by \$81,671 or 158.3%. The increase in cash is the main contributors for this increase.

See accountant's report.

**Housing Authority of the Town of Newellton
Management's Discussion and Analysis - Continued
June 30, 2008**

The table below lists the revenue and expense comparisons for the year ended June 30, 2008.

Statement of Revenues, Expenses, & Change in Net Assets

	<u>2007</u>	<u>2008</u>	<u>% Change</u>
Revenue			
HUD Operating Grant	\$ 379,389	\$ 421,788	11.2%
Investment Income	1,723	2,111	22.5%
Other Revenue	44,367	1,822	-95.9%
Total Revenue	<u>425,479</u>	<u>425,721</u>	0.1%
Expenses			
Housing Assistance Payments	325,191	282,750	-13.1%
Administrative	55,015	40,871	-25.7%
General Expenses	9,911	20,429	106.1%
Depreciation	152	-0-	-100.0%
Total Expenses	<u>390,269</u>	<u>344,050</u>	-11.8%
Change In Net Assets	<u>35,210</u>	<u>81,671</u>	132.0%
Net Assets - Beginning	<u>16,380</u>	<u>51,590</u>	215.0%
Net Assets - Ending	<u>\$ 51,590</u>	<u>\$ 133,261</u>	158.3%

- Total revenues increased by \$242 or 0.1%.
- Total expenses decreased by \$46,219. The primary cause of this decrease is due to a decrease in housing assistance payments in the amount of \$42,441.

Capital Asset & Debt Administration

Capital Assets

As of June 30, 2008 the Authority's investment in capital assets was \$-0- (net of accumulated depreciation). This investment included a portable building, furniture, and equipment

	<u>2007</u>	<u>2008</u>
Capital Assets		
Portable Building	10,725	10,725
Furniture & Equipment	10,840	10,840
Accumulated Depreciation	(21,565)	(21,565)
Capital Assets, Net of Accumulated Depreciation	<u>\$ -0-</u>	<u>\$ -0-</u>

See accountant's report.

**Housing Authority of the Town of Newellton
Management's Discussion and Analysis - Continued
June 30, 2008**

Long Term Debt

The Authority does not have any long-term liabilities at this time.

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 2009 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

See accountant's report.

John R. Vercher C.P.A.
jr@centurytel.net

Jonathan M. Vercher M.S., C.P.A.
jonathanvercher@centurytel.net

JOHN R. VERCHER PC
Certified Public Accountants

P.O. Box 1608
Jena, Louisiana 71342
Tel: (318) 992-6348
Fax: (318) 992-4374

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Housing Authority of the Town of Newellton, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of the Housing Authority of the Town of Newellton and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Housing Authority of the Town of Newellton's compliance with certain laws and regulations during the year ended June 30, 2008 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with 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 the report. Consequently, we make no representation regarding the sufficiency of the procedures described below whether for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

*Our review found no expenditures for public works exceeding \$100,000 or expenditures for materials and supplies exceeding \$20,000.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

*We obtained a list from the PHA.

3. Obtain from management a listing of all employees paid during the period under examination.

*We obtained a listing of all employees from the PHA.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

*None of the employees included on the list of employees provided by PHA appeared on the list provided by PHA in agreed-upon procedure (2).

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

*The PHA is an enterprise fund and budgeting is not required. The PHA prepares a budget on its operations on a governmental fund basis and therefore is not comparable to the financial statements on an enterprise fund basis.

6. Trace the budget adoption and amendments to the minute book.

*Not applicable.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budgeted amounts by 5% or more.

*Not applicable.

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and :

(a) trace payments to supporting documentation as to proper amount and payee;

*We randomly selected six disbursements using a random number generator. We examined supporting documents for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

(b) determine if payments were properly coded to the correct fund and general ledger account; and

*All of the payments were properly coded to the correct fund and general ledger account.

(c) determine whether payments received approval from proper authorities.

*All of the payments received approval from proper authorities.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

*Inquiries of management found that notices were posted at the business office of the PHA of the meetings' time, place, and agenda.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

*We reviewed the books and records of the PHA and found no deposits or entries that appeared to be loans.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

*Our review of the payroll records and discussions with PHA personnel found no evidence of bonuses, advances or gifts being made.

The prior year report, dated October 31, 2007, had no management letter comments.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Housing Authority of the Town of Newellton and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

John R. Vercher PC

Jena, Louisiana
December 17, 2008

Basic Financial Statements

**Housing Authority of the Town of Newellton
Newellton, Louisiana
Statement of Net Assets
June 30, 2008**

	ENTERPRISE FUNDS
CURRENT ASSETS	
Cash & Cash Equivalents	\$ 139,545
Accounts Receivable	756
TOTAL CURRENT ASSETS	140,301
 TOTAL ASSETS	 140,301
 CURRENT LIABILITIES	
Accounts Payable	2,434
Accrued Compensated Absences	739
Accrued Wage/Payroll Taxes Payable	1,492
TOTAL CURRENT LIABILITIES	4,665
 NON CURRENT LIABILITIES	
Accrued Compensated Absences	2,375
TOTAL NON CURRENT LIABILITIES	2,375
 TOTAL LIABILITIES	 7,040
 NET ASSETS	
Restricted	129,193
Unrestricted	4,068
TOTAL NET ASSETS	\$ 133,261

See accompanying notes and accountant's report.

**Housing Authority of the Town of Newellton
Newellton, Louisiana
Statement of Revenues, Expenses, & Changes In
Net Assets – Proprietary Funds
Year Ended June 30, 2008**

	ENTERPRISE FUND
OPERATING REVENUES	
HUD PHA Operating Grant	\$ 421,788
Other Revenue	1,822
TOTAL OPERATING REVENUE	423,610
 OPERATING EXPENSES	
Housing Assistance Payments	282,750
Administration	40,871
Other General Expenses	17,704
Auditing	2,725
<i>Depreciation</i>	-0-
TOTAL OPERATING EXPENSES	344,050
 OPERATING INCOME (LOSS)	79,560
 NONOPERATING REVENUE (EXPENSE)	
Interest Earnings	2,111
TOTAL NONOPERATING REVENUE (EXPENSES)	2,111
 CHANGE IN NET ASSETS	81,671
 TOTAL NET ASSETS – BEGINNING	51,590
TOTAL NET ASSETS - ENDING	\$ 133,261

See accompanying notes and accountant's report.

**Housing Authority of the Town of Newellton
Newellton, Louisiana
Statement of Cash Flows
Year Ended June 30, 2008**

	ENTERPRISE FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts From Customers & Users	\$ 1,066
Receipts From HUD	421,788
Payments to Employees	(39,265)
Payments to Suppliers	(16,449)
Payments to Private Landlords	(282,750)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>84,390</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Subsidy From Federal Grants	-0-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>-0-</u>
 CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES	
Other	-0-
Acquisition & Construction of Capital Assets	-0-
NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES	<u>-0-</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest & Dividends Received	2,111
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>2,111</u>
 NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	86,501
 CASH, BEGINNING OF YEAR	<u>53,044</u>
CASH, END OF YEAR	<u>139,545</u>
 RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating Income (Loss)	79,560
Depreciation Expense	-0-
(Increase) Decrease in Accounts Receivable	(756)
(Increase) Decrease in Prepaid Items	1,825
Increase (Decrease) in Accounts Payable	2,155
Increase (Decrease) in Compensated Absences	114
Increase (Decrease) in Accrued Wage/Payroll Taxes Payable	1,492
TOTAL ADJUSTMENTS	<u>4,830</u>
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>84,390</u>
 LISTING OF NONCASH INVESTING, CAPITAL, & FINANCIAL ACTIVITIES	
Contributions of Capital Assets From Government	\$ <u>-0-</u>

See accompanying notes and accountant's report.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

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 dwellings 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> 120 Enhanced
-------------------------------------------------	-----------------------------------	----------------------------------------

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)

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. 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)

D. 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.

E. 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.

F. 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.

G. 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)

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

Description	Estimated Lives
Portable Buildings	7 years
Furniture & Fixtures	3 years

H. 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.

I. 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.

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

At June 30, 2008, the housing authority has cash and investments (book balances) totaling \$139,545 as follows:

Demand deposits	\$ 139,545
Total	\$ <u>139,545</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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)

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:

	<u>6-30-2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>6-30-2008</u>
Portable Building	\$ 10,725	\$ -0-	\$ -0-	\$ 10,725
Furniture & Equipment	10,840	-0-	-0-	10,840
Total Capital Assets	<u>21,565</u>	<u>-0-</u>	<u>-0-</u>	<u>21,565</u>
Less Accumulated Depreciation	(21,565)	-0-	-0-	(21,565)
Total Capital Assets, Net of Depreciation	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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. ACCOUNTS, SALARIES AND OTHER PAYABLES

The payables of \$7,040 at June 30, 2008 are as follows:

Accounts Payable	\$ 2,434
Accrued Compensated Absences	3,114
Accrued Wage/Payroll Taxes Payable	<u>1,492</u>
Total	<u>\$ 7,040</u>

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, 2008, 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)

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 housing authority's total payroll for the fiscal year ended June 30, 2008 was \$28,471. The total payroll for the covered employee was \$28,471. Both the housing authority and the covered employee made the required contributions, amounting to \$3,449.

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.

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 \$421,788 to the housing authority, which represents approximately 99% of the housing authority's revenue for the year.

Other Supplemental Schedules

**Housing Authority of the Town of Newellton
Newellton, Louisiana
Schedule of Compensation Paid to Board Members
Year Ended June 30, 2008**

<u>Board Member</u>	<u>Title</u>	<u>Salary</u>
Edwin Britt	Chairman	\$ -0-
Clara Bass	Commissioner	-0-
Billy Mitchell	Commissioner	-0-
Carol Guice	Commissioner	-0-
David Delaney	Commissioner	-0-

The members of the Board of Commissioners serve without compensation.

See accountant's report.

Other Reports

John R. Vercher C.P.A.
jrv@centurytel.net

Jonathan M. Vercher M.S., C.P.A.
jonathanvercher@centurytel.net

JOHN R. VERCHER PC
Certified Public Accountants

P.O. Box 1608
Jena, Louisiana 71342
Tel: (318) 992-6348
Fax: (318) 992-4374

MANAGEMENT LETTER COMMENTS

During the course of our review, we observed conditions and circumstances that may be improved. Below are findings noted for improvement, our recommendation for improvement and the Housing Authority's plan for corrective action.

CURRENT YEAR MANAGEMENT LETTER COMMENTS

There are no current year comments.

**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, 2007.

PRIOR YEAR FINDINGS

There were no prior year findings.

LOUISIANA ATTESTATION QUESTIONNAIRE

JOHN R. VERCHER PC
Certified Public Accountants
P.O. Box 1608
Jena, Louisiana 71342
Tel: (318) 992-6348
Fax: (318) 992-4374

In connection with your review of our financial statements as of June 30, 2008 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of December 17, 2008 (date of completion/representations).

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes [] No []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes [] No []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes [] No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes [] No []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes [] No []

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes [x] No []

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes [x] No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes [x] No []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60.

Yes [x] No []

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes [x] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.



Signature