

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

**Annual Financial Report
As of and for the Year Ended June 30, 2000**

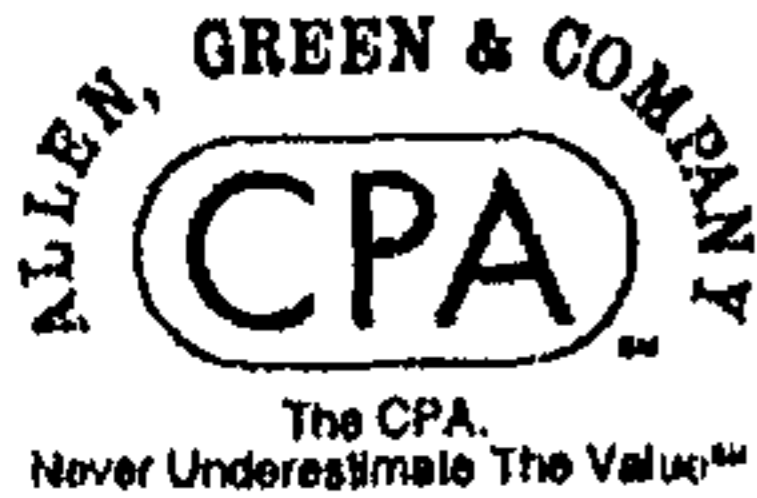
Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the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

Release Date 01/17/01

Housing Authority of the Town of Newellton

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Independent Auditors' Report

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

We have audited the accompanying GENERAL-PURPOSE FINANCIAL STATEMENTS of the Housing Authority of the Town of Newellton, Louisiana as of and for the year ended June 30, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority, as of June 30, 2000, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

As discussed in Note 9 to the financial statements, the Housing Authority changed the accounting treatment of all funds from governmental funds to enterprise funds.

In accordance with Government Auditing Standards, we have also issued our report dated November 13, 2000, on our consideration of the Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the Housing Authority, taken as a whole. The accompanying SUPPLEMENTAL INFORMATION listed in the table of contents and the Schedule of Expenditures of Federal Awards which is required by U.S. Office of Management and Budget Circular No. 133, Audits of States, Local Governments, and Non-Profit Organizations, are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements, and in our opinion is fairly stated in all material respects in relation to the general-purpose financial statements taken as a whole.

Also, the accompanying OTHER INFORMATION, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements of the Housing Authority. Such information has not been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, accordingly, we express no opinion on it.

Allen, Green & Company, LLP

ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana
November 13, 2000

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON

ENTERPRISE FUNDS
Combined Balance Sheet
June 30, 2000

Statement A

ASSETS

Current Assets

Cash and cash equivalents
Interfund receivable

\$ 89,097
3,097

Total Current Assets

92,194

Fixed Assets

Land, buildings, and equipment (net)

0

TOTAL ASSETS

92,194

LIABILITIES AND FUND EQUITY

Current Liabilities

Accounts payable
Interfund payable

52,005
3,097

Total Current Liabilities

55,102

Noncurrent Liabilities

Notes payable

4,088

Total Liabilities

59,200

Fund Equity

Retained earnings:

Unreserved

32,994

Total Fund Equity

32,994

TOTAL LIABILITIES AND FUND EQUITY

\$ 92,194

THE NOTES TO THE FINANCIAL STATEMENTS ARE IN INTEGRAL PART OF THIS STATEMENT.

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON

ENTERPRISE FUNDS
Combined Statement of Revenues, Expenses,
and Changes in Fund Equity
For the Year Ended June 30, 2000

Statement B

OPERATING REVENUES	
Other	\$ <u>1,014</u>
Total revenues	<u>1,014</u>
OPERATING EXPENSES	
Administration	42,028
General expenses	14,065
Housing assistance payments	<u>268,379</u>
Total operating expenses	<u>324,472</u>
Income (loss) from Operations	<u>(323,458)</u>
Nonoperating revenues (expenses)	
Interest earnings	3,436
Federal grants	<u>321,514</u>
Total nonoperating revenues (expenses)	<u>324,950</u>
NET INCOME (Loss)	<u>1,492</u>
FUND BALANCES AT BEGINNING OF YEAR, AS ORIGINALLY STATED	5,071
Prior period adjustment	<u>26,431</u>
RETAINED EARNINGS AT BEGINNING OF YEAR, AS RESTATED	<u>31,502</u>
RETAINED EARNINGS AT END OF YEAR	<u>\$ 32,994</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON

ENTERPRISE FUNDS
Combined Statement of Cash Flows
For the Year Ended June 30, 2000

Statement C

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income (loss)	\$ (323,458)
Adjustments to reconcile net income (loss) to Net cash provided by operating activities	
Changes in operating current assets and liabilities:	
Increase (Decrease) in accounts payable	<u>(17,007)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(340,465)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Federal grants	<u>321,514</u>
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>321,514</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments on note	<u>(1,006)</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,006)</u>
CASH FLOW FROM INVESTING ACTIVITIES	
Interest earnings	<u>3,436</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>3,436</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(16,521)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>105,618</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 89,097</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**Housing Authority of the Town of Newellton
Notes to the General-Purpose Financial Statements**

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Housing Authority of the Town of Newellton
Notes to the General-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The accompanying general-purpose financial statements of the Housing Authority of the Town of Newellton have been prepared in conformity with generally accepted accounting principles (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 Section 8 housing assistance payment programs. The rental certificate program provides assistance to low-income persons seeking housing by subsidizing rents between tenants and owners of existing private housing. Under this program, the Housing Authority enters into housing assistance payment contracts with landlords. Section 8 Rental Voucher Program, another Section 8 housing assistance program, provides assistance to low-income families. The program provides for a voucher which can be used by the tenant to pay rent to any landlord he chooses.

The Housing Authority has the following units:

Section 8		
Rental Certificates	FW 2071	20
Rental Vouchers	FW 2236	109

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, account groups, 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. 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 general-purpose 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 general-purpose 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 are maintained consistent with legal and managerial requirements.

All funds of the Housing Authority are proprietary funds.

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 AND 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,

**Housing Authority of the Town of Newellton
Notes to the General-Purpose Financial Statements**

pursuant to GASB Statement No. 20, to apply all GASB pronouncements and only FASB pronouncements issued before November 30, 1989.

D. BUDGETS

General Budget Policies The Housing Authority adopted budgets for all funds. HUD approves all budgets for all HUD-funded programs. The budget is controlled by fund at the function level. Budgetary amendments require approval of the governing body.

All appropriations lapse at year-end.

Encumbrances Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed. However, outstanding purchase orders are taken into consideration before expenditures are incurred in order to assure that applicable appropriations are not exceeded. Encumbrances are not recognized within the accounting records for budgetary control purposes.

Formal budget integration (within the accounting records) is not employed as a management control device.

E. CASH AND 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. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES During the course of operations, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

G. FIXED ASSETS Fixed assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). Donated capital assets are recorded at their estimated fair value at date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight-line depreciation is used based on the estimated useful lives:

Portable buildings	7 years
Furniture and equipment	3 years

H. COMPENSATED ABSENCES Employees may accumulate up to six weeks of sick and annual leave which may be received upon termination or retirement. Currently, there are no accumulated compensated absences.

I. USE OF ESTIMATES The preparation of financial statements in conformity with generally accepted accounting principles requires 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 statement and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2 - DEPOSITS Deposits of the primary government are stated at cost which approximates market. Under state law, 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.

At year-end, the Housing Authority's carrying amount of deposits was \$89,097 and the bank balance was \$97,108. This bank balance was covered by federal depository insurance (GASB Category 1).

Housing Authority of the Town of Newellton
Notes to the General-Purpose Financial Statements

NOTE 3 - FIXED ASSETS The changes in general fixed assets are as follows:

	<u>Balance</u> <u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Ending</u>
Portable building	\$10,725	\$ -	\$ -	\$10,725
Furniture and equipment	<u>12,322</u>	<u>-</u>	<u>3,108</u>	<u>9,214</u>
Total	<u>23,047</u>	<u>-</u>	<u>3,108</u>	<u>19,939</u>
Less accumulated depreciation:				
Portable building	10,725	-	-	10,725
Furniture and equipment	<u>12,322</u>	<u>-</u>	<u>3,108</u>	<u>9,214</u>
Total	<u>23,047</u>	<u>-</u>	<u>3,108</u>	<u>19,939</u>
Fixed assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 4 - ACCOUNTS PAYABLE Accounts payable consists of the following at June 30, 2000:

	<u>Total</u>
Due to other governments:	
Payable to HUD	<u>\$52,005</u>

NOTE 5 - NOTE PAYABLE The following is a summary of the long-term obligation transactions for the year ended June 30, 2000:

	<u>Notes</u> <u>Payable</u>
Balance at beginning of year	\$5,818
Additions	-
Deductions	<u>1,720</u>
Balance at end of year	<u>\$4,098</u>

The \$11,000 note was entered into on May 31, 1995 with an 11.5% interest rate. Payments are made monthly with maturity on June 1, 2002. A portable office building used in administering the Section 8 programs is pledged as collateral for the note. The note is due as follows:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2000-2001	\$ 377	\$1,931	\$2,308
2001-2002	<u>140</u>	<u>2,167</u>	<u>2,307</u>
Totals	<u>\$517</u>	<u>\$4,098</u>	<u>\$4,615</u>

NOTE 6 - INTERFUND RECEIVABLES/PAYABLES Due from/to other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
Section 8 Rental Voucher	Section 8 Rental Certificate	<u>\$3,097</u>

NOTE 7 - CONTINGENCIES

Grant Disallowances The Housing Authority participates in federally assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. Housing Authority management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

NOTE 8 - 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

Housing Authority of the Town of Newellton
Notes to the General-Purpose Financial Statements

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) are 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.

The Housing Authority's total payroll for the fiscal year ended June 30, 2000, was \$25,421. The total payroll for the covered employee was \$20,252. Both the Housing Authority and the covered employee made the required contributions, amounting to \$2,430.

NOTE 9 - CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING PRINCIPLE Prior to the current fiscal year, the Housing Authority's books were maintained on a HUD-prescribed basis of accounting. Journal entries were made at year-end to convert to generally accepted accounting principles (GAAP). The funds of the Housing Authority were reported as governmental funds in the audit report. For the current fiscal year, HUD required that the Housing Authority convert from the HUD-prescribed basis of accounting to GAAP with use of enterprise funds being preferred by HUD. The beginning fund balance was restated as follows:

Fund balance at beginning of year, as originally stated	\$ 5,071
Capital assets at July 1, 1999	23,047
Accumulated depreciation at July 1, 1999	<u>(23,047)</u>
Total equity, restated	<u>\$ 5,071</u>

NOTE 10 - SEGMENT INFORMATION The Housing Authority maintains two enterprise funds. Key financial information as of and for the year ended June 30, 2000, for these funds are as follows:

	Section 8 Rental Voucher Program	Section 8 Rental Certificate Program
Operating revenues	\$ 209	\$ 805
Operating expenses excluding depreciation	186,616	137,856
Operating income	(186,407)	(137,051)
Non-operating revenues (expenses)	194,741	130,209
Net income (loss)	8,334	(6,842)
Net working capital (liability)	7,817	29,275
Total assets	33,269	58,925
Total equity	6,177	26,817

NOTE 11 - PRIOR-PERIOD ADJUSTMENT The fund balance was restated to reflect an adjustment to accounts receivable HUD and accounts payable HUD totaling \$26,431.

**Housing Authority of the Town of Newellton
Financial Data Schedule
As of and For the Year Ended June 30, 2000**

LA169 06/30/2000

Line Item #	Account Description	Section 8 Rental Voucher	Section 8 Rental Certificate	Total
111	Cash - Unrestricted	\$30,172	\$58,925	\$89,097
100	Total Cash	\$30,172	\$58,925	\$89,097
120	Total Receivables, net of allowances for doubtful accounts	\$0	\$0	\$0
144	Interprogram Due From	\$3,097	\$0	\$3,097
150	Total Current Assets	\$33,269	\$58,925	\$92,194
164	Furniture, Equipment & Machinery - Administration	\$7,854	\$12,085	\$19,939
165	Leasehold Improvements	\$0	\$0	\$0
166	Accumulated Depreciation	(\$7,854)	(\$12,085)	(\$19,939)
160	Total Fixed Assets, Net of Accumulated Depreciation	\$0	\$0	\$0
180	Total Non-Current Assets	\$0	\$0	\$0
190	Total Assets	\$33,269	\$58,925	\$92,194

LA169 06/30/2000

Line Item #	Account Description	Rental Voucher Program	Rental Certificate Program	Total
321	Accrued Wage/Payroll Taxes Payable	\$876	\$1,007	\$1,883
331	Accounts Payable - HUD PHA Programs	\$24,576	\$25,546	\$50,122
347	Interprogram Due To	\$0	\$3,097	\$3,097
310	Total Current Liabilities	\$25,452	\$29,650	\$55,102
352	Long-term Debt, Net of Current - Operating Borrowings	\$1,840	\$2,458	\$4,098
350	Total Noncurrent Liabilities	\$1,840	\$2,458	\$4,098
300	Total Liabilities	\$27,092	\$32,108	\$59,200
508	Total Contributed Capital	\$0	\$0	\$0
511	Total Reserved Fund Balance	\$0	\$0	\$0
512	Undesignated Fund Balance/Retained Earnings	\$6,177	\$26,817	\$32,994
513	Total Equity	\$6,177	\$26,817	\$32,994
600	Total Liabilities and Equity	\$33,269	\$58,925	\$92,194

**Housing Authority of the Town of Newellton
Financial Data Schedule
As of and For the Year Ended June 30, 2000**

LA169 06/30/2000

Line Item #	Account Description	Rental Voucher Program	Rental Certificate Program	Total
705	Total Tenant Revenue	\$0	\$0	\$0
706	HUD PHA Grants	\$193,605	\$127,909	\$321,514
711	Investment Income - Unrestricted	\$690	\$1,750	\$2,440
714	Fraud Recovery	\$209	\$805	\$1,014
720	Investment Income - Restricted	\$448	\$550	\$998
700	Total Revenue	\$194,950	\$131,014	\$325,964
911	Administrative Salaries	\$9,811	\$16,810	\$25,421
912	Auditing Fees	\$1,280	\$2,100	\$3,380
915	Employee Benefit Contributions - Administrative	\$314	\$475	\$789
916	Other Operating - Administrative	\$8,119	\$7,461	\$13,580

LA169 06/30/2000

Line Item #	Account Description	Rental Voucher Program	Rental Certificate Program	Total
981	Insurance Premiums	\$5,407	\$7,280	\$12,687
982	Other General Expenses	\$238	\$0	\$238
969	Total Operating Expenses	\$22,967	\$33,128	\$56,093
970	Excess Operating Revenue over Operating Expenses	\$171,983	\$97,888	\$269,871
973	Housing Assistance Payments	\$163,649	\$104,730	\$268,379
900	Total Expenses	\$186,616	\$137,856	\$324,472
1010	Total Other Financing Sources (Uses)	\$0	\$0	\$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$8,334	(\$6,842)	\$1,492

LA169 06/30/2000

Line Item #	Account Description	Rental Voucher Program	Rental Certificate Program	Total
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0
1103	Beginning Equity	\$2,662	\$2,409	\$5,071
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	(\$4,819)	\$31,250	\$26,431
1113	Maximum Annual Contributions Commitment (Per ACC)	\$106,950	\$171,931	\$278,881
1114	Prorate Maximum Annual Contributions Applicable to a Period of less than Twelve Months	\$111,231	\$0	\$111,231
1115	Contingency Reserve, ACC Program Reserve	\$56,412	\$158,875	\$215,287
1116	Total Annual Contributions Available	\$274,593	\$330,806	\$605,399
1120	Unit Months Available	874	674	1548
1121	Number of Unit Months Leased	786	599	1385

Housing Authority of the Town of Newellton

Supplemental Information

GENERAL

COMPENSATION PAID BOARD MEMBERS

The members of the Board of Commissioners serve without compensation. The members of the Board of Commissioners are as follows:

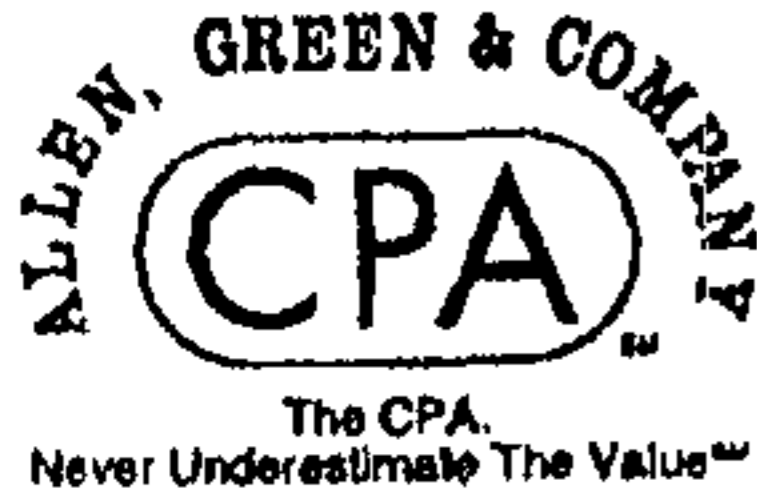
Mr. Edwin Britt, Chairman

Ms. Clara Bass

Mr. Glen McCarty

Mr. Kenneth Morgan

Mr. David Delaney



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Ernest L. Allen, CPA (Retired)
1963 - 2000

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Board Members
Housing Authority of the Town of Newellton
Newellton, Louisiana

We have audited the financial statements of the Housing Authority of the Town of Newellton, Newellton, Louisiana, as of and for the year ended June 30, 2000, and have issued our report thereon dated November 13, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Housing Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Housing Authority's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as item 00-F1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is a material weakness.

Management Letter Items

We also noted a matter involving internal control over financial reporting, which we have reported to management of the Housing Authority in a separate letter dated November 13, 2000.

This report is intended solely for the information and use of the Board, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Allen, Green & Company, LLP

ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana
November 13, 2000



ALLEN, GREEN & COMPANY, LLP

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Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular No. A-133

Board Members
Housing Authority of the Town of Newellton
Newellton, Louisiana

Compliance

We have audited the compliance of the Housing Authority of the Town of Newellton, Newellton, Louisiana, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular No. A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2000. The Housing Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on the Housing Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular No. A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular No. A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Housing Authority's compliance with those requirements.

In our opinion, the Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2000.

Internal Control Over Compliance

The management of the Housing Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Housing Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular No. A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the Housing Authority's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as items 00-F2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is a material weakness.

Schedule of Expenditures of Federal Awards

We have audited the general-purpose financial statements of the Housing Authority of the Town of Newellton, Newellton, Louisiana, as of and for the year ended June 30, 2000, and have issued our report thereon dated November 13, 2000. Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular No. A-133 and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

This report is intended solely for the information and use of the Board, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Allen, Green + Company, LLP

ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana
November 13, 2000

**HOUSING AUTHORITY OF THE TOWN OF NEWELLTON
Newellton, Louisiana**

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2000**

Exhibit 2

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR / PROGRAM NAME	CFDA NUMBER	GRANT ID #	EXPENDITURES
United States Department of Housing and Urban Development Direct Programs:			
Section 8 Rental Certificate Program	14.857	FW 2071	\$ 127,909
Section 8 Rental Voucher Program	14.855	FW 2238	<u>193,605</u>
Total United States Department of Housing and Urban Development			<u>\$ 321,514</u>

Housing Authority of the Town of Newellton
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2000

NOTE 1 - GENERAL The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Housing Authority of the Town of Newellton, Newellton, Louisiana. The Housing Authority of the Town of Newellton (the Housing Authority) reporting entity is defined in Note 1 to the Housing Authority's general-purpose financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, is included on the schedule.

NOTE 2 - BASIS OF ACCOUNTING The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the Housing Authority's general-purpose financial statements.

NOTE 3 - RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS Federal awards revenues are reported in the Housing Authority's general-purpose financial statements as follows:

Federal Sources

Section 8 Rental Certificate Program	\$127,909
Section 8 Rental Voucher Program	<u>193,605</u>
	<u>\$321,514</u>

NOTE 4 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with generally accepted accounting principles.

**Housing Authority of the Town of Newellton
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2000**

PART I - Summary of the Auditors' Results

Financial Statement Audit

- i. The type of audit report issued was unqualified.
- ii. There was a reportable condition required to be disclosed by Government Auditing Standards issued by the Comptroller General of the United States.

The reportable condition disclosed was considered a material weakness as defined by the Government Auditing Standards.

- iii. There were no instances of noncompliance considered material, as defined by the Government Auditing Standards, to the financial statement.

Audit of Federal Awards

- iv. There was a reportable condition required to be disclosed by OMB Circular No. A-133.
The reportable condition disclosed was considered a material weakness as defined by OMB Circular No. A-133.
- v. The type of report the auditor issued on compliance for major programs was unqualified.
- vi. The audit disclosed audit findings which the auditor is required to report under OMB Circular No. A-133, Section .510(a).
- vii. The major federal programs are:

Cluster (as defined by OMB Circular No. A-133 Provisional Compliance Supplement)

CFDA #14.857 Section 8 Rental Certificate Program
CFDA #14.855 Section 8 Rental Voucher Program
- viii. The dollar threshold used to distinguish between Type A and Type B programs as described in OMB Circular No. A-133, Section .520(b) was \$300,000.
- ix. The auditee does not qualify as a low-risk auditee under OMB Circular No. A-133, Section .530.

**Housing Authority of the Town of Newellton
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2000**

PART II - Finding(s) related to the financial statements which are required to be reported in accordance with Generally Accepted Government Auditing Standards:

Reference # and title: 00-F1 Inadequate Segregation of Duties

Entity-wide or program/department specific: This finding is entity-wide.

Criteria or specific requirement: Incompatible functions should not be performed by one person to ensure any discrepancies will be noted in the normal course of business.

Condition found: Nearly all functions of the Housing Authority are performed by the Executive Director and part-time employees. These functions include purchasing, disbursements, reconciliations, and recording of transactions. Some controls over receipts and disbursements do exist. Receipts from HUD are wire-transferred to the bank account. Checks require two signatures; the Executive Director and a member of the Board.

Proper perspective for judging the prevalence and consequences: The Housing Authority has only one full-time employee and one regular part-time employee.

Possible asserted effect (cause and effect):

Cause: The Housing Authority's work load only requires one full-time employee and one regular part-time employee.

Effect: Incompatible functions are performed by one person.

Recommendations to prevent future occurrences: We feel duties are segregated to the greatest possible extent given the fact that the Housing Authority only has two employees.

**Housing Authority of the Town of Newellton
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2000**

PART III - Findings and questioned costs for federal awards which are required to be reported under OMB Circular No. A-133 Section .510(a):

Reference # and title: 00-F2 Inadequate Segregation of Duties

Federal program and specific federal award identification

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME	<u>CFDA Number</u>	<u>Pass-Through Grantor No.</u>	<u>Federal Award Year</u>
United States Department of Housing and Urban Development			
Section 8 Rental Certificate Program	14.857	FW 2071	2000
Section 8 Rental Voucher Program	14.855	FW 2236	2000

Entity-wide or program/department specific: This finding is entity-wide.

Criteria or specific requirement: See Finding 00-F1.

**Housing Authority of the Town of Newellton
Summary Schedule of Prior Audit Findings
June 30, 2000**

Finding reference number: **99-F1**

Inadequate Segregation of Duties

Initially occurred: Fiscal year ended June 30, 1996.

Condition: Nearly all functions of the Housing Authority are performed by the Executive Director and part-time employees. These functions include purchasing, disbursements, reconciliations, and recording of transactions. Some controls over receipts and disbursements do exist. Receipts from HUD are wire-transferred to the bank account. Checks require two signatures; the Executive Director and a member of the Board.

Planned corrective action: Duties appear to be segregated to the greatest possible extent given the fact that the Housing Authority has only two paid employees.

Person responsible for corrective action:

Ms. Kaylene Baker
Housing Authority of the
Town of Newellton
P. O. Box 1021
Newellton, LA 71357-1021

Telephone: (318) 467-2151
Fax: (318) 467-2860

Finding reference number: **99-F2**

Inadequate Segregation of Duties

Initially occurred: Fiscal year ended June 30, 1996.

Condition: Nearly all functions of the Housing Authority are performed by the Executive Director and part-time employees. These functions include purchasing, disbursements, reconciliations, and recording of transactions. Some controls over receipts and disbursements do exist. Receipts from HUD are wire-transferred to the bank account. Checks require two signatures; the Executive Director and a member of the Board.

Planned corrective action: Duties appear to be segregated to the greatest possible extent given the fact that the Housing Authority has only two paid employees.

Person responsible for corrective action:

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**Housing Authority of the Town of Newellton
Corrective Action Plan for Current-Year Findings and Questioned Costs
June 30, 2000**

Reference # and title: **00-F1** **Inadequate Segregation of Duties**

Condition found: Nearly all functions of the Housing Authority are performed by the Executive Director and part-time employees. These functions include purchasing, disbursements, reconciliations, and recording of transactions. Some controls over receipts and disbursements do exist. Receipts from HUD are wire-transferred to the bank account. Checks require two signatures; the Executive Director and a member of the Board.

Corrective action planned: Duties appear to be segregated to the greatest possible extent given the fact that the Housing Authority has only two paid employees.

Person responsible for corrective action:

Ms. Kaylene Baker
Housing Authority of the
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Newellton, LA 71357-1021

Telephone: (318) 467-2151
Fax: (318) 467-2860

Reference # and title: **00-F2** **Inadequate Segregation of Duties**

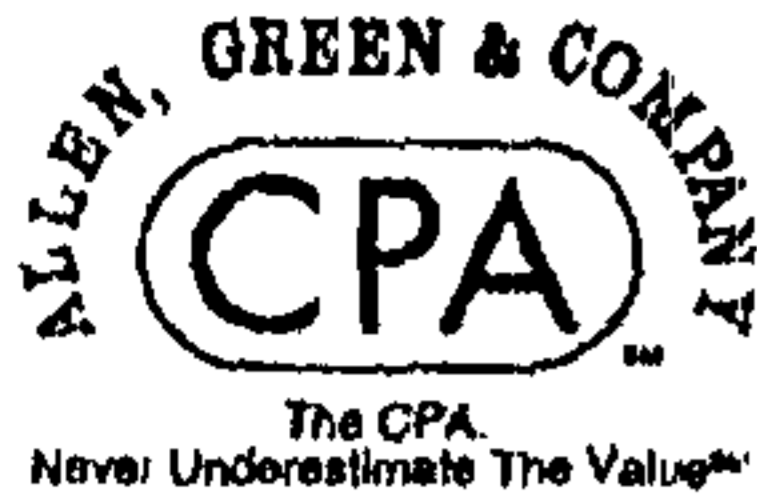
Condition found: Nearly all functions of the Housing Authority are performed by the Executive Director and part-time employees. These functions include purchasing, disbursements, reconciliations, and recording of transactions. Some controls over receipts and disbursements do exist. Receipts from HUD are wire-transferred to the bank account. Checks require two signatures; the Executive Director and a member of the Board.

Corrective action planned: Duties appear to be segregated to the greatest possible extent given the fact that the Housing Authority has only two paid employees.

Person responsible for corrective action:

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1963 - 2000

Management Letter

Board Members

Housing Authority of the Town of Newellton
Newellton, Louisiana

In planning and performing our audit of the general-purpose financial statements of the Housing Authority of the Town of Newellton, Newellton, Louisiana for the year ended June 30, 2000, we considered the Housing Authority's internal control to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

However, during our audit, we noted a certain matter involving internal control and other operational matters that is presented for your consideration. This letter does not affect our report dated November 13, 2000, on the financial statements of the Housing Authority. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

00-M1 Voided Checks

Comment: Of the forty checks tested, two were voided. Of the two, one was not marked "void" or mutilated.

Recommendations: When a check is voided, it should be clearly marked "void". If signed, the signature should be mutilated. The check should be kept for documentation.

Management's response: Voided checks will be marked 'VOID' and retained for documentation.

* * * * *

Also included are management's responses to our current-year management letter items. We have performed no audit work to verify the content of the responses.

Immediately following this letter is a Status of Prior Management Letter Items. This information has not been audited by Allen, Green & Company, LLP, and no opinion is expressed. However, we did follow-up on prior management letter items and performed procedures to assess the reasonableness of the Status of Prior Management Letter Items prepared by the auditee, and we would report, as a current-year management letter item when Allen, Green & Company, LLP, concludes that the Status of Prior Management Letter Items materially misrepresents the status of any prior management letter item.

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements and, therefore, may not reveal all weaknesses in policies and procedures that may exist.

This report is intended solely for the information and use of the Board, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Allen, Green + Company, LLP

ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana
November 13, 2000

**Housing Authority of the Town of Newellton
Status of Prior Management Letter Items
June 30, 2000**

Finding reference # and title: **99-M1** **Late Filing of Audit Report**

Initially occurred: Fiscal year ended June 30, 1999.

Condition: The Louisiana Legislative Auditor requires audit reports to be filed within six months of the year-end of the governments. The audit report as of and for the year ended June 30, 1999 was filed after the six-month period, following the year-end.

Corrective action taken: The audit report will be filed timely for the current year.

Finding reference # and title: **99-M2** **Waiting List**

Initially occurred: Fiscal year ended June 30, 1999.

Condition: 24 CFR Sections 960.204 through 960.207 contain the requirements for a Housing Authority's waiting list. Portions of these requirements dictate how and when applicants are selected along with the documentation required. We were able to test the waiting list to ensure applicants were being placed according to the Housing Authority's policy and no exceptions were noted. However, the Housing Authority is not maintaining adequate documentation to make this determination at any given time.

Corrective action taken: Adequate documentation is maintained for the waiting list.

Finding reference # and title: **99-M3** **Tenant Files**

Initially occurred: Fiscal year ended June 30, 1999.

Condition: 24CFR Sections 5.212,5.230, and 5.601-5.617 as well as HUD guidance concerning the Form 50058 contain the requirements for information to be maintained in the tenant files. These requirements dictate that dates of birth and utility allowances on the HUD Form 50058 should be documented in tenant file.

Of the twenty files randomly selected for testing, two of the files were missing documentation for dates of birth, and utility allowance documentation in two of the files did not agree to the HUD Form 50058.

Corrective action taken: All information is required before a tenant is housed. Information entered on the HUD Form 50058 is checked for errors.