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ISSUING AUTHORITY OF THE TOWN OF NEWELLTON
Newellton, Louisiana

**GENERAL-PURPOSE FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1997
WITH SUPPLEMENTAL INFORMATION**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 MAY 13 1998

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON
Newellton, Louisiana

**General Purpose Financial Statements
And Independent Auditors' Reports
As of and for the Year Ended June 30, 1997
With Supplemental Information**

TABLE OF CONTENTS

| | Statement | Page |
|--|------------------|-------------|
| INDEPENDENT AUDITORS' REPORT | | 1-1 |
| GENERAL PURPOSE FINANCIAL STATEMENTS: | | |
| Combined Balance Sheet - All Fund Types and Account Groups | A | 3-4 |
| GOVERNMENTAL FUNDS: | | |
| Statement of Revenues, Expenditures, and Changes in Fund Balances | B | 5 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual | C | 6-7 |
| Notes to the General-purpose Financial Statements | | |
| Index: | | 8 |
| Notes | | 9-17 |
| | Exhibit | |
| SUPPLEMENTAL INFORMATION | | 18 |
| GENERAL | | 18 |
| Composition Paid Board Members | | 18 |
| SUPPLEMENTAL INFORMATION - HUD-PREScribed FORMAT | | 18 |
| Analysis of Surplus - Statutory Basis | | |
| Section B | I | 19-21 |

(Continued)

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON
Newellton, Louisiana

General-Purpose Financial Statements
And Independent Auditors' Reports
As of and for the Year Ended June 30, 1997
With Supplemental Information

TABLE OF CONTENTS

| | Page |
|--|-------|
| OTHER REPORTS REQUIRED BY <u>GOVERNMENT AUDITING STANDARDS</u> AND <u>OMB CIRCULAR A-133</u> | 23 |
| Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards | 24-25 |
| Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with <u>OMB Circular A-133</u> | 26-27 |
| SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS | 28 |
| NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS | 29 |
| SCHEDULE OF FINDINGS AND QUESTIONED COSTS | 30-32 |
| OTHER FINANCIAL INFORMATION | 33 |
| SUMMARY STATUS OF PRIOR AUDIT FINDINGS | 34 |
| CORRECTIVE ACTION PLAN FOR CURRENT-YEAR AUDIT | 35 |

(Continued)

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Marge Williamson, CPA

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, 1997, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Housing Authority of the Town of Newellton'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. These 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 of the Town of Newellton, as of June 30, 1997, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated January 9, 1998 on our consideration of the Housing Authority of the Town of Newellton's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the Housing Authority of the Town of Newellton, Newellton, Louisiana, taken as a whole. The accompanying supplemental information and supplemental information - HUD-prescribed format, are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements. The supplemental information - HUD prescribed format is prepared in conformity with the accounting practices prescribed or permitted by the U. S. Department of Housing and Urban Development (HUD) which is a comprehensive basis of

Board of Commissioners
Planning Authority of the Town of Natchitoches
Natchitoches, Louisiana

accounting other than generally accepted accounting principles. Such supplemental information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements. In our opinion, except for the effects on supplemental information - HUD-permitted format being prepared in conformity with the accounting practices prescribed or permitted by HUD, such supplemental information is fairly stated in all material respects in relation to the general-purpose financial statements taken as a whole.



ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana
January 8, 1998

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON
Newellton, Louisiana

ALL FUND TYPES AND ACCOUNT GROUPS
Condensed Balance Sheet
June 30, 1997

| | GOVERNMENTAL FUNDS | |
|--|--------------------|-----------------------|
| | GENERAL FUND | SPECIAL REVENUE FUNDS |
| ASSETS AND OTHER DEBITS | | |
| Assets | | |
| Cash and cash equivalents | \$ 28,058 | \$ 9,312 |
| Receivables | 628 | 0 |
| Interfund receivable | 0 | 8,794 |
| Land, structures, and equipment | 0 | 0 |
| Other debts: | | |
| Amounts to be provided for retirement of general long-term obligations | 0 | 0 |
| TOTAL ASSETS AND OTHER DEBITS | \$ 28,686 | \$ 18,106 |
| LIABILITIES, EQUITY AND OTHER CREDITS | | |
| Liabilities | | |
| Accounts payable | \$ 18,587 | \$ 12,360 |
| Interfund payable | 8,794 | 0 |
| Notes payable | 0 | 0 |
| Total Liabilities | \$ 27,381 | \$ 12,360 |
| Equity and Other Credits | | |
| Investment in general fixed assets | \$ 0 | \$ 0 |
| Fund balances: | | |
| Unreserved and unassigned | 2,285 | 5,746 |
| Total Equity and Other Credits | \$ 2,285 | \$ 5,746 |
| TOTAL LIABILITIES, EQUITY AND OTHER CREDITS | \$ 29,666 | \$ 18,106 |

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

Statement A

---ACCOUNT GROUPS---

| | GENERAL FIXED ASSETS | GENERAL LONG-TERM LIABILITIES | TOTAL (MEMORANDUM ONLY) |
|------|----------------------------|-------------------------------------|-------------------------------|
| \$ | 0 \$ | 0 \$ | 0 \$ |
| | 0 | 0 | 800 |
| | 0 | 0 | 8,794 |
| | 23,847 | 0 | 23,847 |
| | <u>0</u> | <u>8,790</u> | <u>8,790</u> |
| \$ | <u>23,847 \$</u> | <u>8,790 \$</u> | <u>32,637</u> |
| | | | |
| \$ | 0 \$ | 0 \$ | 28,088 |
| | 0 | 0 | 8,794 |
| | 0 | 8,790 | 8,790 |
| \$ | <u>0 \$</u> | <u>8,790 \$</u> | <u>46,878</u> |
| | | | |
| \$ | 23,847 \$ | 0 \$ | 23,847 |
| | 0 | 0 | 8,028 |
| \$ | <u>23,847 \$</u> | <u>0 \$</u> | <u>31,875</u> |
| | | | |
| \$ | <u>23,847 \$</u> | <u>8,790 \$</u> | <u>32,637</u> |

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON
Newellton, Louisiana

GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 1997

Statement 2

| | <u>GENERAL</u> | <u>SPECIAL</u> | <u>TOTAL</u> |
|---|-------------------|-------------------|-------------------|
| | <u>FUND</u> | <u>REVENUE</u> | <u>MEMORANDUM</u> |
| | | <u>FUND</u> | <u>(ONLY)</u> |
| REVENUES | | | |
| Local sources: | | | |
| Interest earnings | \$ 194 | \$ 60 | \$ 254 |
| Federal sources: | | | |
| Grants | <u>229,459</u> | <u>100,314</u> | <u>329,773</u> |
| Total revenues | \$ 229,653 | \$ 100,374 | \$ 329,027 |
| EXPENDITURES | | | |
| Current: | | | |
| Administrative expenditures | \$ 21,888 | \$ 8,888 | \$ 30,776 |
| Independent public accountant | 1,283 | 1,632 | 2,915 |
| Housing assistance payments | 184,811 | 88,082 | 272,893 |
| Facilities acquisition and construction | 5,486 | 3,637 | 9,123 |
| Debt service: | | | |
| Principal retirement | 728 | 448 | 1,176 |
| Interest and bank charges | <u>525</u> | <u>428</u> | <u>953</u> |
| Total expenditures | \$ 215,819 | \$ 105,183 | \$ 320,992 |
| EXCESS (Deficiency) OF REVENUES | \$ 3,834 | \$ 211 | \$ 4,045 |
| OVER EXPENDITURES | | | |
| FUND BALANCES AT BEGINNING OF YEAR | <u>0,000</u> | <u>0,912</u> | <u>0,912</u> |
| FUND BALANCES AT END OF YEAR | \$ 3,834 | \$ 1,123 | \$ 4,957 |

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

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON
 Newellton, Louisiana

GOVERNMENTAL FUNDS - GENERAL FUND
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget (Not-GAAP Basis) and Actual
For the Year Ended June 30, 1997

Statement 0

| | <u>BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE</u> <u>FAVORABLE</u> <u>(UNFAVORABLE)</u> |
|---|-------------------|-------------------|---|
| REVENUES | | | |
| Local sources: | | | |
| Interest earnings | \$ 0 | \$ 184 | \$ 184 |
| Federal sources: | | | |
| Grants | <u>245,833</u> | <u>230,400</u> | <u>(15,433)</u> |
| Total revenues | <u>\$ 245,833</u> | <u>\$ 230,600</u> | <u>\$ (15,233)</u> |
| | | | |
| EXPENDITURES | | | |
| Current: | | | |
| Administrative expenditures | \$ 38,339 | \$ 33,348 | \$ 15,990 |
| Independent public accounts | 1,800 | 2,000 | (800) |
| Housing assistance payments | 208,704 | 194,911 | 13,793 |
| Facilities acquisition and construction | <u>0</u> | <u>3,488</u> | <u>(3,488)</u> |
| Total expenditures | <u>\$ 248,843</u> | <u>\$ 223,747</u> | <u>\$ (25,096)</u> |
| | | | |
| EXCESS (Deficiency) OF REVENUES | \$ 0 | \$ 3,854 | \$ 3,854 |
| OVER EXPENDITURES | | | |
| | | | |
| FUND BALANCES AT BEGINNING OF YEAR | <u>0</u> | <u>(1,588)</u> | <u>(1,588)</u> |
| | | | |
| FUND BALANCES AT END OF YEAR | <u>\$ 0</u> | <u>\$ 2,266</u> | <u>\$ 2,266</u> |

(CONTINUED)

HOUSING AUTHORITY OF THE TOWNS OF NEWELLTON
Newellton, Louisiana

GOVERNMENTAL FUNDS - SPECIAL REVENUE FUND
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget (Non-GAAP Basis) and Actual
For the Year Ended June 30, 1997

Statement C

| | <u>BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
|--|-------------------|-------------------|---|
| REVENUES | | | |
| Local sources: | | | |
| Interest earnings | \$ 0 | \$ 80 | 80 |
| Federal sources: | | | |
| Grants | <u>113,000</u> | <u>106,284</u> | <u>(12,301)</u> |
| Total revenues | <u>\$ 113,000</u> | <u>\$ 106,284</u> | <u>(12,301)</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Administrative expenditures | \$ 14,088 | \$ 9,812 | 4,136 |
| Independent public accountant | 1,400 | 1,832 | (137) |
| Housing assistance payments | 103,152 | 90,882 | 12,178 |
| Facilities acquisition and construction | <u>0</u> | <u>5,837</u> | <u>(5,837)</u> |
| Total expenditures | <u>\$ 118,690</u> | <u>\$ 108,363</u> | <u>12,652</u> |
| EXCESS (deficiency) OF REVENUES OVER EXPENDITURES | <u>\$ 0</u> | <u>\$ 214</u> | <u>\$ 201</u> |
| FUND BALANCES AT BEGINNING OF YEAR | <u>0</u> | <u>5,812</u> | <u>5,812</u> |
| FUND BALANCES AT END OF YEAR | <u>\$ 0</u> | <u>\$ 6,740</u> | <u>\$ 7,160</u> |

(CONCLUDED)

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

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON
Newellton, Louisiana

Notes to the General Purpose Financial Statements
As of and for the Year Ended June 30, 1997

INDEX

| | | Page |
|---------|--|-------------|
| NOTE 1 | - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES | 9 |
| A | Basis of Presentation | 9 |
| B | Reporting Entity | 9-10 |
| C | Funds and Account Groups | 10-11 |
| D | Measurement Focus and Basis of Accounting | 11 |
| E | Budgets | 12 |
| F | Encumbrances | 12 |
| G | Cash and Cash Equivalents | 12 |
| H | Short-Term Interfund Receivables/Payables | 12 |
| I | Fixed Assets | 12 |
| J | Compensated Absences | 12 |
| K | Long-Term Obligations | 12 |
| L | Interfund Transactions | 12 |
| M | Total Columns on Combined Statements | 12 |
| NOTE 2 | - DEPOSITS | 14 |
| NOTE 3 | - RECEIVABLES | 14 |
| NOTE 4 | - FIXED ASSETS | 14 |
| NOTE 5 | - ACCOUNTS PAYABLE | 14 |
| NOTE 6 | - GENERAL LONG-TERM OBLIGATIONS | 15 |
| NOTE 7 | - INTERFUND RECEIVABLES/PAYABLES | 15 |
| NOTE 8 | - CONTINGENCIES | 16 |
| NOTE 9 | - DEFINED CONTRIBUTION PLAN | 16 |
| NOTE 10 | - RELATED PARTY DISCLOSURE | 16 |
| NOTE 11 | - BUDGET/GAAP RECONCILIATION | 17 |

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON
Newellton, Louisiana

Notes to the General Purpose Financial Statements
As of and for the Year Ended June 30, 1997

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. BASIS OF PRESENTATION

Housing Authorities are chartered as public corporations under the laws (LSA-95-49791) 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 staggered 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 his choice.

The Housing Authority has the following units:

| | | |
|---------------------|---------|----|
| Section 8 | | |
| Rental Certificates | FW 2871 | 91 |
| Rental Vouchers | FW 2218 | 28 |

B. REPORTING ENTITY

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 financially independent by being solely accountable for fiscal matters, including (1) budget authority, (2) responsibility for funding deficits and operating deficiencies, (3) fiscal management for controlling the collection and disbursement of funds, (4) authority to issue debt, the Housing Authority is a separate governmental reporting entity. The Housing Authority includes all funds, account groups, activities or items, but are within the oversight responsibility of the Housing Authority.

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON
Newellton, Louisiana

Notes to the General-Purpose Financial Statements
As of and for the Year Ended June 30, 1987

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. REPORTING ENTITY (Continued)

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 benefits 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 juries, 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.

C. FUNDS AND ACCOUNT GROUPS

The Housing Authority uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net ascertainable financial resources.

Funds of the Housing Authority are classified as governmental. In turn, this category is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds — Governmental funds account for all or most of the Housing Authority's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds include:

1. **General fund** — the general operating fund of the Housing Authority accounts for all financial resources, except those required to be accounted for in other funds. The general fund includes transactions of the Section 8 Rental Certificates program administered by the Housing Authority.
2. **Special revenue fund** — accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The special revenue fund contains transactions of the Section 8 Rental Voucher program administered by the Housing Authority.

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON
Newellton, Louisiana

Notes to the General Purpose Financial Statements
As of and for the Year Ended June 30, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. FUNDS AND ACCOUNT GROUPS (Continued)

Account Groups

The general fixed assets account group is used to account for fixed assets not accounted for in proprietary or trust funds.

The general long-term debt account group is used to account for general long-term and certain other liabilities that are not specific liabilities of proprietary or trust funds.

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental funds and agency funds. The governmental funds use the following practices in recording revenues and expenditures:

Revenues — Federal entitlements are recorded as unrestricted grants-in-aid when available and measurable. Federal restricted grants are recorded when the reimbursable expenditures have been incurred.

Substantially all other revenues are recorded when they become available to the Housing Authority.

Expenditures — Salaries are recorded as expenditures when incurred.

Purchases of various operating supplies are recorded as expenditures in the accounting period they are consumed.

Compensated absences are recognized as expenditures when leave is actually taken or when employee (or heirs) are paid for accrued leave upon retirement or death, while the cost of leave pro-rata, not requiring current resources is recorded in the general long-term obligations account group.

Principal and interest on general long-term debt are recognized when incurred.

Substantially all other expenditures are recognized when the related fund liability has been incurred.

Other Financing Sources (Uses) — Transfers between funds that are not expected to be repaid (or any other type, such as capital lease transactions, sale of fixed assets, debt extinguishments, long-term debt proceeds, et cetera) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON
Newellton, Louisiana

Notes to the General Purpose Financial Statements
As of and for the Year Ended June 30, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. BUDGETS

The following summarizes the budget activities of the Housing Authority during the year ended June 30, 1996.

1. The Housing Authority adopted budgets for the general fund, and special revenue fund.
2. The budgets are prepared on the modified accrual basis of accounting. All appropriations lapse at year end.
3. Encumbrances are not recognized within the accounting records for budgetary control purposes.
4. Formal budget integration (within the accounting records) is not employed as a management control device.
5. HUD approves all budgets adopted by the Housing Authority.

F. 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.

G. 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 agents. 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.

Under state law, the Housing Authority may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

H. 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.

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON
Newellton, Louisiana

Notes to the General Purpose Financial Statements
As of and for the Year Ended June 30, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. FIXED ASSETS

Fixed assets of governmental funds are recorded as expenditures at the time they are purchased or constructed, and the related assets are capitalized (reported) in the general Fixed assets account group. Public domains or infrastructures such as sidewalks and parking lots are capitalized. Interest expense during construction is capitalized. Depreciation has not been provided on general fixed assets.

J. COMPENSATED ABSENCES

Employees may accumulate up to six weeks of sick and annual leave which may be received upon termination or retirement. The cost of vacation leave privileges, computed in accordance with GASB Codification Section 200, is recognized as a current-year expenditure in the governmental funds when leave is actually taken or when employees (or heirs) are paid for accrued leave upon retirement or death, while the cost of leave privileges not requiring current resources is recorded in the general long-term obligations account group.

K. LONG-TERM OBLIGATIONS

Long-term obligations expected to be financed from governmental funds are reported in the general long-term obligations account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due.

L. INTERFUND TRANSACTIONS

Quasi-internal transactions are accounted for as revenues, expenditures, or expenses.

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/ expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-internal transactions and reimbursements, are reported as transfers. Non-revolving or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

M. TOTAL COLUMNS ON COMBINED STATEMENTS

The total columns on the combined statements are captioned *Interstructure Only* to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON
Newellton, Louisiana

Notes to the General-Purpose Financial Statements
As of and for the Year Ended June 30, 1997

NOTE 2 - DEPOSITS

Deposits of the primary government are stated at cost, which approximates market. Under state law, deposits for 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 \$18,368 and the bank balance was \$39,613. Of the bank balance, \$29,613 was covered by federal depository insurance (FDAB-Category 1).

NOTE 3 - RECEIVABLES

Accounts receivable consists of the following at June 30, 1997:

| Class of Receivable | General Fund |
|---------------------|--------------|
| Local sources | |
| Order | \$200 |

NOTE 4 - FIXED ASSETS

The changes in general fixed assets are as follows:

| | Balance Beginning | Additions | Deletions | Balance Ending |
|-------------------------|----------------------|----------------|-------------|-------------------|
| Portable building | \$16,715 | \$ - | \$ - | \$16,715 |
| Furniture and equipment | 1,228 | 9,092 | — | 12,322 |
| Total | <u>\$17,943</u> | <u>\$9,092</u> | <u>\$ -</u> | <u>\$27,035</u> |

NOTE 5 - ACCOUNTS PAYABLE

Accounts payable consists of the following at June 30, 1997:

| | General Fund | Special Revenue Fund | Total |
|---------------------------|-----------------|----------------------|-----------------|
| Due to other governments: | | | |
| Payable to HUD | <u>\$18,367</u> | <u>\$11,246</u> | <u>\$29,613</u> |

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON
Newellton, Louisiana

Notes to the General Purpose Financial Statements
As of and for the Year Ended June 30, 1997

NOTE 4 - GENERAL LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended June 30, 1997:

| | <u>Notes Payable</u> |
|------------------------------|----------------------|
| Balance at beginning of year | \$ 8,925 |
| Additions | - |
| Deductions | <u>(11,113)</u> |
| Balance at end of year | <u>\$ 3,712</u> |

The \$11,808 note was entered into on May 31, 1993 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> |
|--------------------|-----------------|------------------|-----------------|
| 1997-1998 | \$ 945 | \$1,062 | \$ 2,007 |
| 1998-1999 | 778 | 1,530 | 2,308 |
| 2000-2001 | 340 | 1,719 | 2,059 |
| 2001-2002 | <u>518</u> | <u>4,089</u> | <u>4,607</u> |
| Totals | <u>\$2,581</u> | <u>\$8,210</u> | <u>\$10,791</u> |

NOTE 7 - INTERFUND RECEIVABLES/PAYABLES

Due from/to other funds:

| | <u>Receivable</u> | <u>Payable</u> |
|----------------------|-------------------|----------------|
| General fund | \$ - | \$8,794 |
| Special revenue fund | <u>8,794</u> | <u>-----</u> |
| | <u>\$8,794</u> | <u>\$8,794</u> |

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON
Newellton, Louisiana

Notes to the General-Purpose Financial Statements
As of and for the Year Ended June 30, 1997

NOTE 8 - 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 9 - 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 interest allocated to the employee's account) are fully vested after five years of continuous service. The Housing Authority's contributions for and interest benefited 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, 1997 was \$17,436. The total payroll for the covered employee was \$10,546. Both the Housing Authority and the covered employee made the required contributions, amounting to \$1,928.

NOTE 10 - RELATED PARTY DISCLOSURE

The Executive Director of the Housing Authority also provides accounting services to the Housing Authority. The amounts paid to the Executive Director for the fiscal year ended June 30, 1997 were \$415 for Rental Certificates and \$415 for Rental Vouchers.

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON
Newellton, Louisiana

Notes to the General-Purpose Financial Statements
As of and for the Year Ended June 30, 1997

NOTE 11 - BUDGET/GAAP RECONCILIATION

The following schedule reconciles the amounts on the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual to the amounts on the Statement of Revenues, Expenditures and Changes in Fund Balance:

| | <u>General</u> <u>Fund</u> | <u>Special</u> <u>Fund</u> |
|-----------------------------|-------------------------------|-------------------------------|
| Fund balance (budget) | \$ 2,363 | \$ 3,743 |
| Expenditures | | |
| Current: | | |
| Administrative expenditures | (1,394) | (933) |
| Debt service: | | |
| Principal payments | 728 | 483 |
| Interest and bank charges | <u> 606</u> | <u> 635</u> |
| Fund balance (GAAP) | <u>\$ 2,363</u> | <u>\$ 3,743</u> |

All budget/GAAP reporting differences are a result of classification.

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON
Newellton, Louisiana

Supplemental Information

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON
Newellton, Louisiana

Supplemental Information
As of and for the Year Ended June 30, 1987

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 Bois

Mr. Clem Bass

Mr. Glen McCarty

Mr. Billy Lee

Mr. Kent Morgan

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

Supplemental Information - HUD-Prescribed Format

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON
 Newellton, Louisiana

ANALYSIS OF SURPLUS -
STATUTE 8435
 For the Year Ended June 30, 1997

Exhibit 9

HOUSING ASSISTANCE PAYMENT PROGRAMS (ACC FY 2011 & 2020)

| | RENTAL CERTIFICATES | RENTAL VOUCHERS | TOTAL |
|------------------------------|------------------------|--------------------|-------------------|
| UNRESERVED SURPLUS | | | |
| BALANCE, BEGINNING | \$ (2,582,302) | \$ (860,888) | \$ (3,443,190) |
| FUD Adjustments | (104,218) | 117,811 | 13,593 |
| NET LOSS | (228,091) | (746,811) | (974,902) |
| Provision for (Reduction of) | | | |
| Operating reserve | (4,309) | (291) | (4,600) |
| Project account | (7,533) | 77,808 | (25,055) |
| | <u> </u> | <u> </u> | <u> </u> |
| BALANCE, ENDING | \$ (3,000,252) | \$ (1,690,181) | \$ (4,690,433) |
| OPERATING RESERVE | | | |
| BALANCE, BEGINNING | \$ 1,849 | \$ 5,513 | \$ 7,362 |
| FUD Adjustments | 0 | 0 | 0 |
| Provision for (Reduction of) | | | |
| Operating Reserve | 4,835 | (291) | 4,544 |
| | <u> </u> | <u> </u> | <u> </u> |
| BALANCE, ENDING | \$ 6,684 | \$ 5,222 | \$ 11,906 |

(CONTINUED)

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON
Newellton, Louisiana

ANALYSIS OF SURPLUS -
STATUTORY BASIS
For the Year Ended June 30, 1997

Exhibit 1

HOUSING ASSISTANCE PAYMENT PROGRAMS (ACC FR 2071 & 2224)

| | RENTAL CERTIFICATES | RENTAL VOUCHERS | TOTAL |
|---|------------------------|--------------------|---------------------|
| PROJECT ACCOUNT UNFUNDED | | | |
| BALANCE, BEGINNING | \$ 262,270 | \$ 228,094 | \$ 490,364 |
| HUD Adjustments | 104,239 | (117,887) | (13,648) |
| Provision for (Reduction of) Project Account (Unfunded) | <u>7,830</u> | <u>(17,528)</u> | <u>25,088</u> |
| BALANCE, ENDING | \$ <u>374,339</u> | \$ <u>92,679</u> | \$ <u>467,018</u> |
| CUMULATIVE HUD CONTRIBUTION | | | |
| BALANCE, BEGINNING | \$ 2,775,897 | \$ 682,130 | \$ 3,458,027 |
| HUD Adjustments | 0 | 0 | 0 |
| Annual Contribution (Earned Section 8) | <u>228,852</u> | <u>108,284</u> | <u>337,136</u> |
| BALANCE, ENDING | \$ <u>3,004,749</u> | \$ <u>790,414</u> | \$ <u>3,795,163</u> |
| TOTAL SURPLUS | \$ <u>3,858</u> | \$ <u>6,431</u> | \$ <u>12,289</u> |

(CONCLUDED)

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON
Newellton, Louisiana

**Other Report Required by
Government Auditing Standards**

The following page is a report on internal control and compliance with laws and regulations required by Government Auditing Standards issued by the Comptroller General of the United States. The report on internal control structure is based solely on the audit of the general-purpose financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses. The report on compliance with laws and regulations is, likewise, based solely on the audit of the presented general-purpose financial statements and presents, where applicable, compliance matters that would be material to the presented general-purpose financial statements.

**Other Report Required by
Office of Management and Budget (OMB) Circular A-133**

The following page contain information on internal control and compliance with laws, regulations, contracts and grants required by OMB Circular A-133. The report on internal controls relates to matters that would be significant and/or material to federal awards programs. The report on compliance with laws, regulations, contracts and grants is, likewise, related to tests of compliance with laws, regulations, contracts and grants relating to federal awards programs.

ALLEN, GREEN & COMPANY, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS



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Ernest L. Allen, CPA
in Public Accounting Since 1961

Tim Green, CPA

Marge Williamson, CPA

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, 1997, and have issued our report thereon dated January 9, 1998. 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 of the Town of Newellton'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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings and Questioned Costs as item 97-2. We also noted certain immaterial instances of noncompliance that we have reported to management of the Housing Authority of the Town of Newellton in a separate letter dated January 9, 1998.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority of the Town of Newellton'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 97-1. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Housing Authority of the Town of Newellton in a separate letter dated January 9, 1998.

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

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

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.

This report is intended for the information of the Board, management and federal awarding agencies. However, this report is a matter of public record and its distribution is unlimited.

Allen Green & Company LLP

ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana
January 8, 1998

ALLEN, GREEN & COMPANY, LLP

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Tim Green, CPA

Margie Whitson, CPA

Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133

Board Members

The Housing Authority of the
Town of Newfitt
Newfitt, Louisiana

Compliance

We have audited the compliance of the Housing Authority of the Town of Newfitt, Newfitt, Louisiana, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 1997. The Housing Authority of the Town of Newfitt'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 of the Town of Newfitt's management. Our responsibility is to express an opinion on the Housing Authority of the Town of Newfitt'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 A-133, Audit of States, Local Governments, and Non-Profit Organizations. These standards and OMB Circular 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 of the Town of Newfitt'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 of the Town of Newfitt's compliance with those requirements.

In our opinion, the Housing Authority of the Town of Newfitt 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, 1997.

Internal Control Over Compliance

The management of the Housing Authority of the Town of Newfitt 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 of the Town of Newfitt'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 A-133.

Board Members

The Housing Authority of the Town of Newellton
Newellton, Louisiana

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions include 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 item 57-3.

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, Louisiana, as of and for the year ended June 30, 1997, and have issued our report thereon dated January 9, 1998. 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 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 for the information of the Board, management and federal awarding agencies. However, this report is a matter of public record and its distribution is not limited.



ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana
January 9, 1998

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON
Newellton, Louisiana

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 1997

Exhibit 3

| FEDERAL GRANTOR/ PASS-THROUGH GRANTOR / PROGRAM NAME | CFOA NUMBER | GRANT ID # | EXPENDITURES |
|---|----------------|---------------|-------------------|
| United States Department of Housing and Urban Development | | | |
| Direct Programs: | | | |
| Section 8 Rental Certificate Program | 14.857 | FY97 2071 | \$ 220,489 |
| Section 8 Rental Voucher Program | 14.858 | FY97 2228 | 100,134 |
| Total United States Department of Housing and Urban Development | | | <u>\$ 320,623</u> |

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON
Newellton, Louisiana

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1997**

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 prepared 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

| | |
|------------------------|------------------|
| General Fund | \$129,469 |
| Special Revenue Funds: | |
| Rental Vouchers | <u>106,734</u> |
| | <u>\$236,203</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 TOWNS OF NEWELLTON
Newellton, Louisiana

Schedule of Findings and Questioned Costs
As of and for the Year Ended June 30, 1997

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

- ii. 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 A-133.
- v. The type of report the auditor issued on compliance for major programs was unqualified.
- vi. The audit disclosed an audit finding which the auditor is required to report under OMB Circular No. A-133, Section 518(a).
- vii. The major federal programs are:

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

| | |
|--------------|--------------------------------------|
| CFDA #14-817 | 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 \$180,000.
- ix. The auditor does not qualify as a low-risk auditor under OMB Circular No. A-133, Section 520.

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON
Newellton, Louisiana

Schedule of Findings and Questioned Costs
As of and for the Year Ended June 30, 1987

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

Reference # and Title: 97-1 Inadequate Segregation of Duties

Condition: Nearly all functions of the Housing Authority are performed by the Executive Director, the secretary, 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 accounts. Checks require two signatures, the Executive Director and a member of the Board.

Recommendation: We feel duties are segregated to the greatest possible extent given the fact that the Housing Authority has only two paid employees.

Reference # and Title: 97-2 Late Filing of Audit Report

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, 1987 was filed after the six-month period.

Recommendation: Future audit reports should be filed within six months of year-end.

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON
Newellton, Louisiana

Schedule of Findings and Questioned Costs
As of and for the Year Ended June 30, 1997

PART III - Findings and questioned costs for federal awards which are required to be reported under OMB Circular No. A-133 Section .B1(b)(4):

Reference # and Title: 97-2 **Inadequate Segregation of Duties**

1. Federal program and specific federal award identification

| FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME | CFDA Number | Pass-Through Grantor No. | Federal Award Year |
|---|----------------|-----------------------------|-----------------------|
| United States Department of Housing and Urban Development | | | |
| Section 8 Rental Certificate Program | 14.857 | PW 2071 | 1997 |
| Section 8 Rental Voucher Program | 14.850 | PW 2236 | 1997 |

Condition: Nearly all functions of the Housing Authority are performed by the Executive Director, the secretary, 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.

Recommendation: We feel duties are segregated to the greatest possible extent given the fact that the Housing Authority has only two paid employees.

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON
Newellton, Louisiana

Other Financial Information

The information on the following pages concerns management's actions or omissions concerning prior and current-year audit findings and is required by U. S. Office of Management and Budget (OMB) Circular A-133. This information has been prepared by the management of the Housing Authority of the Town of Newellton. Management accepts full responsibility, as required by OMB Circular A-133, for the accuracy of the information. This information has not been audited by the auditors, and accordingly, no opinion is expressed.

THE HOUSING AUTHORITY OF THE TOWNS OF NEWELLTON
Newellton, Louisiana

Summary Status of Prior Audit Findings
June 30, 1998

Finding Reference A: Finding #1 of the Schedule of Reportable Conditions

Title: 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, the secretary, 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: We feel duties are 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 1833
Newellton, LA 71357-0033

Telephone: (337) 467-2151
Fax: (337) 467-2660

Finding Reference F: Finding #3 of the Schedule of Findings and Questioned Costs

Title: Federal Financial Reports

Initially occurred: Fiscal Year Ended June 30, 1996

Condition: HUD financial statements were filed incorrectly resulting in the amount due HUD having to be adjusted. The adjustment to the Rental Certificate Program resulted in a decrease in the amount due HUD of \$233. The adjustment to the Rental Voucher Program resulted in an additional \$179 due HUD.

Corrective Action Taken: HUD financial statements were correctly filed for the year ended June 30, 1997.

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON
Newellton, Louisiana

Corrective Action Plan for Current-Year Audit
As of and for the Year Ended June 30, 1998

Finding Reference # and Title: 97-1 **Inadequate Segregation of Duties**

Corrective Action Planned: We feel duties are 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 1821
Newellton, LA 71357-1821

Telephone: (318) 467-2151
Fax: (318) 467-2868

Finding Reference # and Title: 97-2 **Late Filing of Audit Report**

Corrective Action Planned: Future audit reports will be filed within six months of year-end.

Person Responsible for Corrective Action:

Ms. Kaylene Baker
Housing Authority of the
Town of Newellton
P. O. Box 1821
Newellton, LA 71357-1821

Telephone: (318) 467-2151
Fax: (318) 467-2868

Anticipated Completion Date: June 30, 1998.

Finding Reference # and Title: 97-3 **Inadequate Segregation of Duties**

Corrective Action Planned: We feel duties are 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 1821
Newellton, LA 71357-1821

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Ernest L. Allen, CPA
14 Fellowship
Metairie, La.

Tim Green, CPA

Margie Williamson, CPA

Management Letter

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

Dear Board:

In planning and performing our audit of the general-purpose financial statements of the Housing Authority of the Town of Newellton (the Housing Authority) for the year ended June 30, 1998, we considered the Housing Authority's internal control to plan our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on internal control.

However, during our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated January 9, 1998 on the general-purpose 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:

1. Cost Allocation Revision

Condition: At the present time, the Housing Authority allocates 60% of expenditures to the Existing Program and 40% to the Voucher Program. When comparing the number of units under each program, 70% of the total units are under the Existing Program and 30% are under the Voucher Program.

Recommendation: The Housing Authority should consult with the appropriate HUD personnel about revising the current cost allocation percentages.

2. Employee Travel Reimbursement Claims

Condition: We noted five employee travel reimbursement claims for compliance requirements under OMB Circular A-87. Three of the five items listed excluded child care expenses that were reimbursed by the Housing Authority, but were not allowable expenses under OMB Circular A-87.

Recommendation: Child care expenses should not be reimbursed by the Housing Authority.

A. Employees Treated as Contract Labor

Condition: We noted two instances in which a part-time employee was paid for additional work with a vendor check. These checks were not run through payroll and no time were recorded.

Recommendation: All payments to people who are considered employees by the Internal Revenue Service should be reported as wages. All payments to regular employees, except for reimbursements, should be through payroll.

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.

The following items are matters we believe you should be aware of that could exist in the operations of the Housing Authority. The inclusion of items are informational and does not indicate that the amounts exist at the Housing Authority.

OMB Circular A-133

All Housing Authorities became subject to U. S. Office of Management and Budget (OMB) Circular A-133 and OMB Circular A-133 Provisional Compliance Supplement for the first time for the fiscal year that recently ended. As part of these audit regulations, which resulted from the passage of the Single Audit Act Amendment of 1996, there is a De Facto incentive to the Housing Authority. More audit work will be required annually in the federal program area for a government that falls outside the low-risk auditee classification as defined by OMB. Items that prevent a Housing Authority from being treated as a low-risk auditee is if the Housing Authority had reportable conditions (internal control weaknesses) that were considered material weaknesses and material compliance (violations of laws, regulations, contract provisions, etc.) findings. It would be to the Housing Authority's benefit to correct the current-year findings reflected in the Schedule of Findings and Questioned Costs included in the single audit report, particularly any finding that is considered a material weakness.

Another matter resulting from the change in audit regulations from OMB Circular A-128 (old audit regulations) to OMB Circular A-133 is the establishment of a \$10,000 threshold for reporting questioned costs. Previously there was no minimum requirements which resulted in some findings being reported that were fairly insignificant in the scheme of the Housing Authority's operation. The establishment of the \$10,000 threshold will result in less findings in the single audit reports. That is the good news! The bad news is that the findings that are included in the report will take on increased importance. There will be more interaction between the federal agency that provided the funding for the federal program and the Housing Authority and the auditors. In fact the new Data Collection Form (transmittal form that is submitted with all single audit reports) will include name, address, telephone and E-mail addresses for both the Housing Authority and the auditor. Included with each finding in the single audit report is this same information for the person assigned responsibility for the corrective action planned for each finding.

Finally, the Single Audit Act Amendments of 1996 included a provision that the federal agency has access to the auditor's work paper in order to review a audit findings. Previously, auditors were somewhat reluctant to release audit work papers that could be used by the federal agency to the detriment of the Housing Authority for matters involving questioned costs charged to a federal program. However, now there is no choice by the auditor. The federal agency has access as per federal law.

We hope the suggestions on the previous pages are useful to you.

This report is intended solely for the use of the Board Members, management, the Department of Housing and Urban Development and other applicable federal agencies, and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

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Monroe, Louisiana
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