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**Governing Authority of the Town of Newfane  
Newfane, Louisiana**

**Annual Financial Report  
As of and for the Year Ended June 30, 1968**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the council, or councilor, 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.

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Housing Authority of the Town of New Orleans  
New Orleans, Louisiana

Annual Financial Report  
As of and for the Year Ended June 30, 1998

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Housing Authority of the Town of Newellton  
Newellton, Louisiana

Annual Financial Report  
As of and for the Year Ended June 30, 1998

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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, 1998, 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.

Except as discussed in the following paragraph, 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.

Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, requires disclosure of certain matters regarding the year 2000 issue in order for financial statements to be prepared in conformity with generally accepted accounting principles. Such required disclosures include:

any significant amount of resources committed to make computer systems and other electronic equipment year 2000-compliant; a general description of the year 2000 issue, including a description of the stages of work in process or completed as of the end of the reporting period to make computer systems and other electronic equipment critical to conducting operations year 2000-compliant; and the additional stages of work necessary for making the computer systems and other electronic equipment year 2000-compliant.

The Housing Authority has omitted such disclosures. We do not provide assurance that the Housing Authority is or will be year 2000-ready, that the Housing Authority's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Housing Authority does business will be year 2000-ready.

In our opinion, except for the omission of the information discussed in the preceding paragraph, 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, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

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

In accordance with Government Auditing Standards, we have also issued our report dated December 31, 1998, 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.

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 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 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 effect on supplemental information - HUD-prescribed format being prepared in conformity with the accounting practices prescribed or permitted by HUD, such supplemental information and supplemental information HUD-prescribed format, are 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  
December 31, 1998

**HOUSING AUTHORITY OF THE TOWN OF BIRRELLTON**  
Newport, Louisiana

**ALL FUND TYPES AND ACCOUNT GROUPS**  
Combined Balance Sheet  
June 30, 1999

	<b>***GOVERNMENTAL FUNDS***</b>	
	<b>GENERAL FUND</b>	<b>SPECIAL REVENUE FUNDS</b>
<b>ASSETS AND OTHER DEBITS:</b>		
<b>Assets</b>		
Cash and cash equivalents	\$ 48,000	\$ 500
Receivables	0	11,508
Interfund receivable	0	8,719
Land, structures, and equipment	0	0
<b>Other debits:</b>		
Amount to be provided for retirement of general long-term obligations	0	0
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$ 48,000</b>	<b>\$ 12,727</b>
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 38,388	\$ 14,788
Interfund payable	8,719	0
Notes payable	0	0
<b>Total Liabilities</b>	<b>\$ 47,107</b>	<b>\$ 14,788</b>
<b>Equity and Other Credits</b>		
Investment in general fixed assets	\$ 0	\$ 0
<b>Fund balances:</b>		
Unassigned and undesignated	4,000	5,810
<b>Total Equity and Other Credits</b>	<b>\$ 4,000</b>	<b>\$ 5,810</b>
<b>TOTAL LIABILITIES, EQUITY AND OTHER CREDITS</b>	<b>\$ 48,000</b>	<b>\$ 19,598</b>

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 \$	45,585
	0	0	13,508
	0	0	8,718
	23,047	0	23,047
<hr/>			
	\$	7,248	7,248
\$	23,047 \$	7,248 \$	30,295
<hr/>			
\$	0 \$	0 \$	51,118
	0	0	8,718
	0	7,248	7,248
\$	0 \$	7,248 \$	58,182
<hr/>			
\$	23,047 \$	0 \$	23,047
	0	0	13,508
\$	23,047 \$	0 \$	36,555
<hr/>			
\$	23,047 \$	7,248 \$	30,295

**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, 1998**

Statement 8

	<u>GENERAL</u>	<u>SPECIAL</u>	<u>TOTAL</u>
	<u>FUND</u>	<u>REVENUE</u>	<u>(MEMORANDUM</u>
		<u>FUND)</u>	<u>CHG.)</u>
<b>REVENUES</b>			
<b>Local sources:</b>			
Interest earnings	\$ 1,313	\$ 320	\$ 1,633
<b>Federal sources:</b>			
Grants	<u>327,902</u>	<u>190,880</u>	<u>518,782</u>
<b>Total revenues</b>	<b>\$ 329,215</b>	<b>\$ 191,200</b>	<b>\$ 520,415</b>
<b>EXPENDITURES</b>			
<b>Current:</b>			
Administrative expenditures	\$ 28,088	\$ 12,824	\$ 40,912
Independent public accountant	2,540	1,887	4,427
Housing assistance payments	178,288	88,880	267,168
<b>Debt service:</b>			
Principal retirement	818	844	1,662
Interest and bank charges	<u>378</u>	<u>278</u>	<u>656</u>
<b>Total expenditures</b>	<b>\$ 289,492</b>	<b>\$ 113,326</b>	<b>\$ 402,818</b>
<b>EXCESS (deficiency) OF REVENUES</b>	<b>\$ 3,723</b>	<b>\$ (177)</b>	<b>\$ 3,546</b>
<b>OVER EXPENDITURES</b>			
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>3,283</u>	<u>3,713</u>	<u>6,996</u>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 4,890</b>	<b>\$ 3,536</b>	<b>\$ 8,426</b>

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 (MCO-GAAP Basis) and Actual  
For the Year Ended June 30, 1998

Statement 0

	BUDGET	ACTUAL	VARIENCE FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>			
Local sources:			
Interest earnings	\$ 0	\$ 1,313	\$ 1,313
Federal sources:			
Grants	233,376	228,002	(5,374)
Total revenues	\$ 233,376	\$ 229,689	\$ (3,687)
<b>EXPENDITURES</b>			
Current:			
Administration expenditures	\$ 32,541	\$ 28,379	\$ 4,162
Independent (6040) accountant	2,800	2,040	(760)
Housing assistance payments	167,834	178,068	10,234
Total expenditures	\$ 203,175	\$ 208,487	\$ 5,312
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$ 30,201	\$ 21,202	\$ 9,000
FUND BALANCES AT BEGINNING OF YEAR	2,800	2,280	0
FUND BALANCES AT END OF YEAR	\$ 33,001	\$ 23,482	\$ 9,519

(CONTINUED)

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON  
Newellton, Louisiana

GOVERNMENTAL FUNDS - SPECIAL REVENUE FUND  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
For the Year Ended June 30, 1999

Statement C

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>			
<b>Local sources:</b>			
Interest earnings	\$ 0	\$ 320	\$ 320
<b>Federal sources:</b>			
Grants	124,835	119,058	(5,777)
Total revenues	\$ 124,835	\$ 119,378	\$ (5,457)
<b>EXPENDITURES</b>			
<b>Current:</b>			
Administrative expenditures	\$ 10,884	\$ 10,449	\$ 435
Independent public accounting	1,000	1,987	(987)
Housing assistance payments	107,884	99,892	7,992
Total expenditures	\$ 109,768	\$ 112,328	\$ (2,560)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 0	\$ (700)	\$ (700)
FUND BALANCES AT BEGINNING OF YEAR	5,743	5,743	0
FUND BALANCES AT END OF YEAR	\$ 5,743	\$ 5,043	\$ (700)

(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, 1998

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**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, 1998**

**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-RS 48:091) 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 he chooses.

The Housing Authority has the following units:

Section 8		
Rental Certificates	FW 2071	91
Rental Vouchers	FW 2236	26

**B. REPORTING ENTITY**

GASB Statement No. 14 established criteria for determining the government reporting entity and component units that should be included within the reporting entity. Because the Housing Authority is legally separate and fiscally 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 centers that 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, 1998**

**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 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.

**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 expendable 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 revenues, 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 Certificate 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, 1988

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.

D. 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 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 grant or 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 (of 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, 1998**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. BUDGETS**

**General Budget Policies**

The following summarizes the budget activities of the Housing Authority during the year ended June 30, 1998:

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. Formal budget integration (within the accounting records) is not employed as a management control device.
4. HUD approves all budgets adopted by the Housing Authority.

**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.

**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 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.

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 New Orleans  
New Orleans, Louisiana

Notes to the General-Purpose Financial Statements  
As of and for the Year Ended June 30, 1988

**NOTE 2 - 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 domain 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 current leave privileges, computed in accordance with GASB Codification Section 640, 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. Currently, there are no accumulated compensated absences.

**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-external transactions are accounted for as revenues, expenditures, or expenses.

Transactions that constitute reimbursements to a fund. 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-external transactions and reimbursements, are reported as transfers. Nonreversing or non-routine permanent transfers of equity are reported as initial equity transfers. All other interfund transfers are reported as operating transfers.

**M. TOTAL COLUMNS - MEMORANDUM ONLY**

The total columns on the combined statements are captioned Memorandum Only to indicate that they are prepared 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 reconciliation. 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, 1998**

**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 \$48,285 and the bank balance was \$51,700. This bank balance was covered by federal depository insurance (GASB-Category 1).

**NOTE 3 - RECEIVABLES**

Accounts receivable consists of the following at June 30, 1998:

Class of Receivable	Special Revenue Fund
Local sources:	
Other	<u>\$12,216</u>

**NOTE 4 - FIXED ASSETS**

The changes in general fund assets are as follows:

	Balance Beginning	Additions	Deletions	Balance Ending
Portable building	\$10,725	\$ -	\$ -	\$10,725
Furniture and equipment	<u>12,322</u>	<u>      </u>	<u>      </u>	<u>12,322</u>
Total	<u>\$23,047</u>	<u>\$      </u>	<u>\$      </u>	<u>\$23,047</u>

**NOTE 5 - ACCOUNTS PAYABLE**

Accounts payable consists of the following at June 30, 1998:

	General Fund	Special Revenue Fund	Total
Due to other governments: Payable to HUD	<u>\$25,350</u>	<u>\$14,700</u>	<u>\$40,050</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, 1998**

**NOTE 4 - GENERAL LONG-TERM OBLIGATIONS**

The following is a summary of the long-term obligation transactions for the year ended June 30, 1998:

	<u>Notes Payable</u>
Balance at beginning of year	\$ 8,700
Additions	-
Deductions	<u>(1,362)</u>
Balance at end of year	<u>\$ 7,338</u>

The \$11,808 note was retired 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 program is pledged as collateral for the note. The note is due as follows:

Fiscal Year	Interest	Principal	Total
1998-1999	\$ 778	\$1,530	\$ 2,308
1999-2000	589	1,719	2,308
2000-2001	377	1,931	2,308
2001-2002	<u>182</u>	<u>2,188</u>	<u>2,308</u>
Totals	<u>\$2,926</u>	<u>\$7,348</u>	<u>\$9,274</u>

**NOTE 5 - INTERFUND RECEIVABLES/PAYABLES**

Due from/to other funds:

Receivable Fund	Payable Fund	
Special revenue fund	General fund	<u>\$6,249</u>

**NOTE 6 - 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 reimbursements 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.

**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, 1998**

**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 in 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 (in 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, 1998, was \$20,430. The total payroll for the covered employee was \$15,346. Both the Housing Authority and the covered employee made the required contributions, amounting to \$1,886.

**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, 1998, were \$415 for Rental Certificates and \$405 for Rental Vouchers.

**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 Fund</u>	<u>Special Fund</u>
Fund balances (budget)	\$ 4,998	\$ 3,016
Expenditures		
Current:		
Administrative expenditures	(1,384)	( 903)
Debt service:		
Principal payments	818	544
Interest and bank charges	____ 278	____ 278
Fund balances (GAAP)	<u>\$ 4,820</u>	<u>\$ 3,016</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, 1998

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 Brea, Chairman

Ms. Clara Hays

Mr. Glen McCarthy

Mr. William Lee

Mr. Kenneth Morgan

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

**SUPPLEMENTAL INFORMATION  
HUB-PRESCRIBED FORMAT**

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

**ANALYSIS OF SURPLUS -  
STATUTORY BASIS**  
For the Year Ended June 30, 1998

Exhibit 1

**HOUSING ASSISTANCE PAYMENT PROGRAMS (AOC PW 2071 & 2076)**

	RENTAL CERTIFICATES	RENTAL VOUCHERS	TOTAL
<b>UNRESERVED SURPLUS</b>			
BALANCE, BEGINNING	\$ (1,906,250)	\$ (800,800)	\$ (2,707,050)
FUD Adjustments	240,243	68,180	308,424
NET LOSS	(206,672)	(118,902)	(325,574)
(Provision for) Reduction of Operating reserves	(2,728)	737	(1,991)
Project assistant	<u>(84,000)</u>	<u>12,192</u>	<u>(71,808)</u>
BALANCE, ENDING	\$ <u>(1,493,214)</u>	\$ <u>(680,602)</u>	\$ <u>(2,173,816)</u>

**OPERATING RESERVE**

BALANCE, BEGINNING	\$ 2,448	\$ 1,400	\$ 3,848
FUD Adjustments	0	0	0
Provision for (Reduction of) Operating Reserve	<u>1,728</u>	<u>(722)</u>	<u>1,006</u>
BALANCE, ENDING	\$ <u>3,176</u>	\$ <u>678</u>	\$ <u>3,854</u>

(CONTINUED)

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

**ANALYSIS OF SURPLUS -  
 STATUTORY BASIS**  
 For the Year Ended June 30, 1998

Exhibit 1

**HOUSING ASSISTANCE PAYMENT PROGRAM (HDC (FM 2011 & 2036)**

	RENTAL CERTIFICATES	RENTAL VOUCHERS	TOTAL
<b>PROJECT ACCOUNT UNFUNDED</b>			
BALANCE, BEGINNING	\$ 284,219	\$ 81,044	\$ 365,263
HUD Adjustments	(88,370)	(86,187)	(174,557)
Provision for (Reduction of ) Project Account Unfunded	<u>84,280</u>	<u>(73,182)</u>	<u>11,098</u>
BALANCE, ENDING	\$ <u>280,129</u>	\$ <u>(78,325)</u>	\$ <u>201,804</u>

**CUMULATIVE HUD CONTRIBUTION**

BALANCE, BEGINNING	\$ 3,858,880	\$ 788,844	\$ 4,647,724
HUD Adjustments	0	0	0
Annual Contribution Earned Section 8	<u>527,802</u>	<u>110,288</u>	<u>638,090</u>
BALANCE, ENDING	\$ <u>4,386,682</u>	\$ <u>899,132</u>	\$ <u>5,285,814</u>
<b>TOTAL SURPLUS</b>	\$ <u>5,066</u>	\$ <u>5,807</u>	\$ <u>10,873</u>

(CONCLUDED)



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

**OTHER REPORT REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

The first report following this page is a report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with Government Auditing Standards, issued by the Comptroller General of the United States. The section of the report on compliance is based solely on the audit of the general-purpose financial statements and, where applicable, compliance matters that would be material to the general-purpose financial statements. The section of the report on internal control over financial reporting is, likewise, based solely on the audit of the general-purpose financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses.

**OTHER REPORT REQUIRED BY  
OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR NO. A-133**

The second report following this page contains information on the report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular No. A-133. The section of the report on compliance is related to tests of compliance with laws, regulations, contracts and grants relating to federal awards programs. The section of the report on internal control over compliance is, likewise, related to matters that would be significant and/or material to federal awards programs.



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Ernest L. Allen, CPA  
is President  
Accounting Firm #1  
Tim Green, CPA

Maize Williams, 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, 1998, and have issued our report thereon dated December 21, 1998, which was qualified due to the omission of the year 2000 disclosures that are required by Governmental Accounting Standards Board Treatment Bulletin 98-1, Disclosures about Year 2000 Issues. 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 misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, constituting compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these 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.

### **Management Letter Items**

However, we noted certain immaterial instances (98-M1, 98-M2, and 98-M3) of noncompliance which we have reported to management of the Housing Authority in a separate letter dated December 21, 1998, included here in this report.

### **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 98-F1.

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

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 evaluation 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 not limited.

*Allen Green & Company, LLP*  
ALLEN, GREEN & COMPANY, LLP

Metairie, Louisiana  
December 21, 1998



# ALLEN, GREEN & COMPANY, LLP

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David L. Green, CPA  
An Accounting  
Accounting Firm

The Green, CPA

Maqel Williams, CPA

## 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**  
The 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, 1998. 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. These 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 these 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 these 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, 1998.

### 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.

Board Members  
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 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 at item 94-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 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, 1998, and have issued our report thereon dated December 21, 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 insight as required by DMB Circular No. A-103 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*

ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana  
December 21, 1998

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

Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 1998

Exhibit B

FEDERAL AGENCY FUND-TITLE(FUND) AGENCY / PROGRAM NAME	CFDA NUMBER	GRANT ID #	EXPENDITURES
United States Department of Housing and Urban Development			
Direct Programs:			
Section 8 Rental Certificate Program	14.807	FIM 2074	\$ 287,000
Section 8 Rental Voucher Program	14.805	FIM 2376	1,8058
Total United States Department of Housing and Urban Development			<u>\$ 2,000</u>

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

**Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 1998**

**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 Newilton, Newilton, Louisiana. The Housing Authority of the Town of Newilton (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:

<u>Federal Sources</u>	
General Fund	\$507,943
Special Revenue Funds	
Rental Vouchers	118,032
	<u>\$625,975</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  
Newellton, Louisiana

Schedule of Findings and Questioned Costs  
As of and for the Year Ended June 30, 1998

**PART I - Summary of the Auditors' Results**

**Financial Statement Audit**

- i. The type of audit report issued was qualified.
- 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 conditions 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 an audit finding which the auditor is required to report under OMB Circular No. A-133, Section 3.100(a).

- vi. The major federal programs are:

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

CFDA #14.857	Section B Rental Certificate Program
CFDA #14.855	Section B Rental Voucher Program

- vi. The dollar threshold used to distinguish between Type A and Type B programs as described in OMB Circular No. A-133, Section 3.100(b) was \$100,000.
- ix. The auditor does not qualify as a low-risk auditor under OMB Circular No. A-133, Section 3.10



Housing Authority of the Town of Newellton  
Newellton, Louisiana

Schedule of Findings and Questioned Costs  
As of and for the Year Ended June 30, 1998

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

**Reference number:** 98-71                      **Insufficiency/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 cover receipts and disbursements in cash. Receipts from HUD are also 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.

**Recommendation to prevent future occurrence:** 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  
Newellton, Louisiana

Schedule of Findings and Questioned Costs  
As of and for the Year Ended June 30, 1998

**PART III - Findings and questioned costs for federal awards which are required to be reported under OMB Circular No. A-133 Section .51 (a):**

**Reference A and title: 58-F2 Inadequate Separation of Duties**

**Federal program and specific federal award identification:**

<b>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM NAME</b>	<b>CITA Number</b>	<b>Pass-Through Grant No.</b>	<b>Federal Award Year</b>
United States Department of Housing and Urban Development Section 8 Rental Certificate Program	14.815	950 2071	1998
Section 8 Rental Voucher Program	14.815	950 2126	1998

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

**Criteria or specific requirements:** See finding 98-F3.

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

**Other Information**

The information in the following section concerns management's actions or intentions concerning prior- and current-year audit findings and is required by U. S. Office of Management and Budget (OMB) Circular No. 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 No. A-133, for the accuracy of the information. This information has not been audited by the auditors except as required by OMB Circular No. A-133 Section 900(e), and accordingly, no opinion is expressed. Section 1809(e) requires the auditor to follow up on prior audit findings, perform procedures to assess the reasonableness of the summary schedule of prior audit findings prepared by the auditee, and report, as a current-year audit finding when the auditor concludes that the summary schedule of prior audit findings materially misrepresents the status of any prior audit finding.

The Housing Authority of the Town of Newellton  
Newellton, Louisiana

Summary Schedule of Prior Audit Findings  
June 30, 1998

**Finding reference number:** 92.1 **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:** We feel duties are segregated to the greatest possible extent given the fact that the Housing Authority only has two employees.

**Person responsible for corrective action:**

Ms. Kaylene Baker  
Housing Authority of the  
Town of Newellton  
P. O. Box 1821  
Newellton, LA 71357-0021

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

**Finding reference number:** 92.2 **Late Filing of Audit Report**

**Initially occurred:** Fiscal year ended June 30, 1997.

**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, 1997 was filed after the six-month period.

**Planned corrective action:** The audit report as of and for the year ended June 30, 1998 will be filed within the six-month period.

**Person responsible for corrective action:**

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Newellton, LA 71357-0021

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

The Housing Authority of the Town of Newellton  
Newellton, Louisiana

Summary Schedule of Prior Audit Findings  
June 30, 1998

**Finding reference number:** 25.2

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

**Person responsible for corrective action:**

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

**Corrective Action Plan for Current-Year Findings and Questioned Costs  
As of and for the Year Ended June 30, 1998**

**Reference # and title:                    28-21                    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:** 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:**

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**Reference # and title:                    28-22                    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:** 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  
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**Housing Authority of the Town of Newellton  
Newellton, Louisiana**

**Management Letter Items**

# ALLEN, GREEN & COMPANY, LLP

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Wayne Williams, CPA

## 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, 1998, 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 certain matters involving internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated December 21, 1998, 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:

### 28-M1 Employee Treated as Contract Labor

**Comments:** 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 taxes were withheld.

**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.

**Management's response:** All payments to part-time employees in the future will be reported as payroll wages.

### 28-M2 Travel Reimbursements

**Comments:** Of the eight travel expense reimbursements tested, the following conditions were found:

- One included \$30 reimbursement for child care.
- Eight had no documentation for purpose of travel.

**Recommendation:** Travel reimbursements should only include allowable costs as defined by OMB Circular No. A-87. They should also have adequate documentation which includes support for purpose of travel.

**Management's Response:** Reimbursement for child care is no longer allowable or paid. Also, the Housing Authority will attach meeting agendas and/or receipts from each meeting in the future to travel reimbursement requests.



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

**95-M2: Allowable Costs**

**Comment:** Certain unallowable costs as defined by OMB Circular No. A-87 were noted at random during field work. The item was a purchase of a birthday balloon bouquet for \$27.89.

**Recommendation:** Only allowable costs as defined by OMB Circular No. A-87 should be paid by the Housing Authority.

**Management's Response:** The Housing Authority will no longer pay this type of cost.

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 for the information of the Board, management, federal awarding agencies, and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

  
ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana  
December 21, 1998

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

**Status of Prior Management Letter Items  
June 30, 1997**

<b>Finding reference # and title:</b>	<b>97-01</b>	<b>Cost Allocation Revisions</b>
<b>Initially occurred:</b>	Fiscal year ended June 30, 1997.	
<b>Condition:</b>	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.	
<b>Corrective action taken:</b>	The Housing Authority contacted HUD concerning the allocation of costs. HUD's response was that the Housing Authority could allocate costs between the Existing and Voucher programs at their own discretion as long as Section 8 funds were only used for Section 8 expenses.	
<b>Finding reference # and title:</b>	<b>97-02</b>	<b>Employee Travel Reimbursement Claims</b>
<b>Initially occurred:</b>	Fiscal year ended June 30, 1997.	
<b>Condition:</b>	We tested five employee travel reimbursement claims for compliance under OMB Circular No. A-87. Three of the five items tested included allowable expenses that were reimbursed by the Housing Authority, but were not allowable expenses under OMB Circular No. A-87.	
<b>Corrective action taken:</b>	See current-year management letter item 98-013.	
<b>Finding reference # and title:</b>	<b>97-03</b>	<b>Employee Treated as Contract Labor</b>
<b>Initially occurred:</b>	Fiscal year ended June 30, 1997.	
<b>Condition:</b>	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 taxes were withheld.	
<b>Corrective action taken:</b>	See current-year management letter item 98-042.	