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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, 1999

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 FEB 23 2000

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

Annual Financial Report  
As of and for the Year Ended June 30, 1999

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Hoising Authority of the Times of New Orleans  
New Orleans, Louisiana

Annual Financial Report  
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(Continued)

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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, Newellton, Louisiana as of and for the year ended June 30, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 aspects, the financial position of the Housing Authority, as of June 30, 1999, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

The past 2000 information on page 18 is not a required part of the basic financial statements but is supplementary information required by the *Governmental Accounting Standards Board (GASB) Technical Bulletin (TB) 99-1, Disclosures About Year 2000 Issues - an amendment of Technical Bulletin 98-1*. We have applied certain limited procedures, which consisted principally of inquiry of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the Housing Authority is or will become year 2000 compliant, 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 are or will become year 2000 compliant.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 1999, 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.

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

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the Housing Authority, taken as a whole. The accompanying SUPPLEMENTAL INFORMATION listed in the table of contents is presented for purposes of additional analysis 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.

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 8, 1999

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

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

	***GOVERNMENTAL FUNDS***	
	GENERAL FUND	SPECIAL REVENUE FUNDS
<b>ASSETS AND OTHER DEBITS</b>		
<b>Assets</b>		
Cash and cash equivalents	\$ 45,473 \$	21,148
Receivables	0	12,508
Interest receivable	1,000	0
Land, buildings, and equipment	0	0
<b>Other Assets:</b>		
Amount to be provided for retirement of general long-term obligations	0	0
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$ 46,473 \$</b>	<b>33,656</b>
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 33,851 \$	28,421
Interest payable	0	1,000
Notes payable	0	0
<b>Total Liabilities</b>	<b>\$ 33,851 \$</b>	<b>29,421</b>
<b>Equity and Other Credits</b>		
Investment in general fund assets	0 \$	0
Fund balances:		
Unassigned and undesignated	2,400	2,880
<b>Total Equity and Other Credits</b>	<b>\$ 2,400 \$</b>	<b>2,880</b>
<b>TOTAL LIABILITIES, EQUITY AND OTHER CREDITS</b>	<b>\$ 36,251 \$</b>	<b>32,301</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**  
 Statement of Revenues, Expenditures,  
 and Changes in Fund Balances  
 For the Year Ended June 30, 1999

Statement 6

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>TOTAL MEMORANDUM ONLY</u>
<b>REVENUES</b>			
Local sources:			
Interest earnings	\$ 2,428	\$ 335	\$ 2,763
Federal sources:			
Grants	181,063	11,562	192,625
<b>Total revenues</b>	<u>\$ 183,491</u>	<u>\$ 11,897</u>	<u>\$ 195,388</u>
<b>EXPENDITURES</b>			
Current:			
Administrative expenditures	\$ 31,874	\$ 15,508	\$ 47,382
Independent public accountants	2,781	1,428	4,209
Housing assistance payments	466,887	88,130	555,017
Bond service:			
Principal retirement	818	872	1,690
Interest and bank charges	482	371	853
<b>Total expenditures</b>	<u>\$ 468,842</u>	<u>\$ 106,289</u>	<u>\$ 575,131</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	<u>\$ (2,660)</u>	<u>\$ (8,742)</u>	<u>\$ (11,402)</u>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>4,091</u>	<u>5,816</u>	<u>9,907</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 1,431</u>	<u>\$ (2,926)</u>	<u>\$ (1,495)</u>

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 (Non-SRAP Basis) and Actual  
For the Year Ended June 30, 1999

Statement 0

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>REVENUES</b>			
Local sources:			
Interest earnings	\$ 0	\$ 2,000	\$ 2,000
Federal sources:			
Grants	<u>227,000</u>	<u>182,000</u>	<u>(45,000)</u>
<b>Total revenues</b>	<u>\$ 227,000</u>	<u>\$ 184,000</u>	<u>\$ (43,000)</u>
<b>EXPENDITURES</b>			
Current:			
Administrative expenditures	\$ 37,000	\$ 32,400	\$ 4,600
Indigent (public) accounted	2,000	2,300	(700)
Housing assistance payments	<u>187,000</u>	<u>147,300</u>	<u>39,700</u>
<b>Total expenditures</b>	<u>\$ 226,000</u>	<u>\$ 182,000</u>	<u>\$ 44,000</u>
<b>EXCESS (deficiency) OF REVENUES OVER EXPENDITURES</b>	<u>\$ 0</u>	<u>\$ (2,000)</u>	<u>\$ (2,000)</u>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>4,000</u>	<u>4,000</u>	<u>0</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 4,000</u>	<u>\$ 2,000</u>	<u>\$ (2,000)</u>

(CONTINUED)

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON  
New Orleans, 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, 1999

Statement C

	BUDGET	ACTUAL	BALANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>			
Local sources:			
Interest earnings	\$ 0	\$ 505	\$ 505
Federal sources:			
Grants	105,280	943,987	(111,788)
<b>Total revenues</b>	\$ 105,280	\$ 1,448,992	\$ (111,425)
<b>EXPENDITURES</b>			
Current:			
Administrative expenditures	\$ 15,725	\$ 16,711	\$ (1,086)
Independent public accountant	1,500	1,430	121
Housing assistance payments	88,135	88,715	(580)
<b>Total expenditures</b>	\$ 105,360	\$ 116,856	\$ (885)
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	\$ 0	\$ (2,850)	\$ (2,850)
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	5,015	5,015	0
<b>FUND BALANCES AT END OF YEAR</b>	\$ 5,015	\$ 2,965	\$ (2,050)

(CONTINUED)

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, 1999

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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, 1999

**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 48:291) of the state of Louisiana for the purpose of providing safe and sanitary dwellings, accommodations. This creation was contingent upon the local governing body of the city or parish declaring a need for the Housing Authority to function in such city or parish. The Housing Authority of the Town of Newellton is governed by a five member Board of Commissioners. The members, appointed by the Honorable Mayor of the Town of Newellton, serve a term of four years.

The Housing Authority participates in Section 5 housing assistance payment programs. The rental rent lease program provides assistance to low-income persons seeking housing by subsidizing rents between financial means of existing private housing. Under this program, the Housing Authority enters into housing assistance payment contracts with landlords. Section 5 Rental Voucher Program, another Section 5 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 assets:

Section 5		
Rental Cost Floors	FM 2071	81
Rental Vouchers	FM 2256	48

**B. REPORTING ENTITY**

GAAP Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Because the Housing Authority is legally separate and fiscally independent, the Housing Authority is a separate governmental reporting entity. The Housing Authority includes all funds, account groups, activities, or entities, 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, 1999**

**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, 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 trust associations which are legal 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 classification 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 Cost/Utilities 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, 1999**

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

**C. FUNDS AND ACCOUNT GROUPS (Continued)**

**General Funds**

The *general/fund 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 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 (of any other type, such as capital lease interest free, sale of fixed assets, debt extinguishments, long-term debt proceeds, etcetera) 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 Newilton  
Newilton, Louisiana

Notes to the General-Purpose Financial Statements  
As of and for the Year Ended June 30, 1999

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, 1999:

1. The Housing Authority adopts 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 ensure that portions 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.

**F. 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 fair value.

**G. 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.

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

**Notes to the General Purpose Financial Statements  
As of and for the Year Ended June 30, 1999**

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

**II. 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.

**I. 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 604, is recognized as a current-year expense 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.

**J. 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.

**K. INTERFUND TRANSACTIONS**

Quasi-external 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/charges in the reimbursing fund and as reductions of expenditures/charges in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nevertheless, in non-routine permanent transfer of equity are reported as initial equity transfers. All other interfund transfers are reported as operating transfers.

**F. USE OF ESTIMATES**

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



**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, 1999**

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

**M. TOTAL COLUMNS - MEMORANDUM ONLY**

The total columns on the combined statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations 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.

**NOTE 2 - DEPOSITS**

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

At year-end, the Housing Authority's carrying amount of deposits was \$181,618 and the bank balance was \$115,282. This bank balance was covered by federal depository insurance or by collateral held by the Housing Authority's agent in the Housing Authority's name (GAO-90 Category 1).

**NOTE 3 - RECEIVABLES**

Accounts receivable consists of the following at June 30, 1999:

<u>Class of Receivable</u>	<u>Special Revenue Fund</u>
Local government	
Other	<u>\$12,536</u>

**NOTE 4 - FIXED ASSETS**

The changes in general fixed assets are as follows:

	Balance Beginning	Additions	Deletions	Balance Ending
Portable building	\$18,725	\$ -	\$ -	\$18,725
Furniture and equipment	<u>12,532</u>	<u>-</u>	<u>-</u>	<u>12,532</u>
Total	<u>\$31,257</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$31,257</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, 1999**

**NOTE 5 - ACCOUNTS PAYABLE**

Accounts payable consists of the following at June 30, 1999:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Due to other governments:			
Payable to HUD	<u>\$85,651</u>	<u>\$18,471</u>	<u>\$113,082</u>

**NOTE 6 - GENERAL LONG-TERM OBLIGATIONS**

The following is a summary of the long-term obligation transactions for the year ended June 30, 1999:

	<u>Notes Payable</u>
Balance at beginning of year	\$7,348
Additions	-
Deletions	<u>(1,520)</u>
Balance at end of year	<u>\$5,828</u>

The \$1,500 note was entered into on July 31, 1993 with an 11.2% 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:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
1999-2000	\$ 189	\$1,719	\$2,908
2000-2001	277	1,901	2,178
2001-2002	<u>140</u>	<u>2,148</u>	<u>2,288</u>
<b>Totals</b>	<u>\$5,106</u>	<u>\$5,818</u>	<u>\$10,924</u>

**NOTE 7 - INTERFUND RECEIVABLES/PAYABLES**

Due from/to other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	
General fund	Special revenue fund	<u>\$1,000</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, 1999**

**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 employee makes a monthly contribution equal to seven percent of each participant's effective compensation. The Housing Authority's contribution for each employee (and income allocated to the employee's account) are fully vested after five years of continuous service. The Housing Authority's contributions for and interest forfeited by employees who leave employment before five years of service are used to offset future contributions of the Housing Authority.

The Housing Authority currently has only one employee participating in the plan.

The Housing Authority's total payroll for the fiscal year ended June 30, 1999, was \$21,853. The total payroll for the covered employee was \$17,371. Both the Housing Authority and the covered employee made the required contributions, amounting to \$2,081.

**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, 1999, were \$415 for Rental Cost Studies and \$405 for Rental Vouchers.

As of May 12, 1999, duties of the Executive Director were amended to include accounting services. These services will no longer be provided on a contract basis.

**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, 1999**

**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

	General Fund	Special Fund
Fund balance (budget)	\$ 2,489	\$ 2,683
Expenditures		
Commod.		
Administrative expenditures	1,585	923
Debt service		
Principal payments	( 918)	( 612)
Interest and bond charges	( 1,487)	( 1,130)
Fund balance (GAAP)	<u>\$ 2,489</u>	<u>\$ 2,683</u>

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

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

**REQUIRED SUPPLEMENTAL INFORMATION**

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

**Year 2000 Information  
June 28, 1999**

On March 29, 1999, the Governmental Accounting Standards Board (GASB) issued Technical Bulletin (TB) 99-1, *Disclosures about Year 2000 Issues - an amendment of Technical Bulletin 99-3*. This amendment, among other things, provides that required year 2000 disclosures may be reported as required supplementary information. The Housing Authority reported the year 2000 disclosures as required supplemental information.

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations as early as fiscal year 1999. To date, the Housing Authority has not experienced any such shortcomings in targeted systems and equipment.

The Housing Authority has completed an inventory of computer systems and other electronic equipment that may be affected by the year 2000 issue and that are considered mission-critical in conducting housing authority operations. These systems are financial reporting, and trust accounting.

As of this date, all systems have been assessed and remediation has been completed.

Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure the Housing Authority it or will be year 2000 ready, that the Housing Authority's remediation efforts will be successful in whole or in part, or that parties with whom the Housing Authority does business will be year 2000 ready.

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

**SUPPLEMENTAL INFORMATION**

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

**Supplemental Information  
As of and for the Year Ended June 30, 1999**

**GENERAL**

**COMPENSATION PAID BOARD MEMBERS**

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

Mr. Edwin Britt, Chairman

Mr. Chris Binn

Mr. Glen McCaskey

Mr. Kenneth Morgan

Mr. David Delaney



HOUSING AUTHORITY OF THE TOWN OF NEWELLTON  
Newellton, Louisiana

ANNUAL YEAR OF SUPPLIES -  
STATUTORY BASIS  
For the Year Ended June 30, 1999

Exhibit 1

HOUSING ASSISTANCE PAYMENT PROGRAMS (ACC FW 2071 & 2234)

	RENTAL CERTIFICATES	RENTAL VOUCHERS
UNRESERVED SUPPLIES		
BALANCE, BEGINNING	\$ (3,496,814)	\$ (801,022)
FWD Adjustments	5,820	4,320
NET LOSS	(107,269)	(115,860)
Provision for (Reduction of)		
Operating reserve	1,260	2,094
Project account	<u>302,340</u>	<u>(24,328)</u>
BALANCE, ENDING	\$ <u>(3,472,963)</u>	\$ <u>(1,004,616)</u>
OPERATING RESERVE:		
BALANCE, BEGINNING	\$ 5,776	\$ 5,776
FWD Adjustments	0	(7,160)
Provision for (Reduction of)		
Operating Reserve	<u>(7,265)</u>	<u>(2,024)</u>
BALANCE, ENDING	\$ <u>3,807</u>	\$ <u>1,818</u>

(CONTINUED)

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

**ANALYSIS OF SURPLUS -**  
**STATUTORY BASIS**  
**For the Year Ended June 30, 1999**

Exhibit 1

**HOUSING ASSISTANCE PAYMENT PROGRAMS (HUD PIV 2571 & 2594)**

	RENTAL CERTIFICATES	RENTAL VOUCHERS
<b>PROJECT ACCOUNT UNFUNDED</b>		
BALANCE, BEGINNING	\$ 285,148	\$ 190,730
HUD Adjustments	(8,000)	(2,380)
Provision for (Reduction of) Project Account Unfunded	<u>(287,048)</u>	<u>54,208</u>
BALANCE, ENDING	\$ <u>30,100</u>	\$ <u>142,558</u>
 <b>CUMULATIVE HUD CONTRIBUTION</b>		
BALANCE, BEGINNING	\$ 1,215,800	\$ 878,800
HUD Adjustments	0	0
Annual Contribution Earned (Section 8)	<u>187,800</u>	<u>112,800</u>
BALANCE, ENDING	\$ <u>1,403,600</u>	\$ <u>991,600</u>
 <b>TOTAL SURPLUS</b>	 <u>\$ 1,433,700</u>	 <u>\$ 1,134,158</u>

(CONCLUDED)

**Housing 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 programs, 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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## **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 Newfiteau  
Newfiteau, Louisiana

We have audited the financial statements of the Housing Authority of the Town of Newfiteau, Newfiteau, Louisiana, as of and for the year ended June 30, 1999, and have issued our report thereon dated December 8, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Compliance**

As part of obtaining reasonable assurance about whether the Housing Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, non-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 non-compliance that is required to be reported under *Government Auditing Standards*.

### **Management Letter Items**

However, we noted certain immaterial instances (99-M1) and (99-M2) of non-compliance which we have reported to management of the Housing Authority in a separate letter dated December 8, 1999, included later 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 99-F1.

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

We also noted other matters (99-24) and (99-244) involving the internal control over financial reporting, which we have reported to management of the Housing Authority in a separate letter dated December 8, 1999.

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

*Allen, Green & Company, LLP*

ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana  
December 8, 1999



# ALLEN, GREEN & COMPANY, LLP

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

### Board Members

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

### Compliance

We have audited the compliance of the Housing Authority of the Town of New Orleans, New Orleans, 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, 1999. 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 those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Housing Authority's compliance with those requirements.

In our opinion, the Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999.

### 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.

Honored 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 as item 99-F2.

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

Schedule of Expenditures of Federal Awards

We have audited the general-purpose financial statements of the Housing Authority of the Town of Newellton, Louisiana, as of and for the year ended June 30, 1999, and have issued our report thereon dated December 8, 1999. 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 the purpose of additional analysis as required by OMB Circular No. A-113 and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

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

*Allen, Green & Company, LLP*

ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana  
December 8, 1999

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

**Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 1999**

**EXHIBIT**

FEDERAL GRANTOR PASS-THROUGH GRANTOR ( PROGRAM NAME)	OFFICE NUMBER	GRANT ID #	EXPENDITURES
<b>United States Department of Housing and Urban Development</b>			
Direct Programs:			
Section 8 Rental Certificate Program	16.801	FVY 2011	\$ 187,891
Section 8 Rental Voucher Program	14.800	FVY 2000	_____ 112,921
<b>Total United States Department of Housing and Urban Development</b>			<b><u>\$ 300,812</u></b>



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

**Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 1999**

**NOTE 1 - GENERAL**

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

**NOTE 2 - BASIS OF ACCOUNTING**

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

**NOTE 3 - RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS**

Federal awards revenues are reported in the Housing Authority's general-purpose financial statements as follows:

Federal Sources

General Fund	\$187,067
Special Revenue Funds:	
Rental Vouchers	_113,607
	<u>\$300,674</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, 1999**

**PART I - Summary of the Auditor's 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 statements.

**Audit of Federal Awards**

- iv. There was a reportable condition required to be disclosed by OMB Circular No. A-133.  
  
The reportable condition disclosed was considered a material weakness as defined by OMB Circular No. A-133.
- v. The type of report the auditor issued on compliance for major programs was unqualified.
- vi. The audit disclosed audit findings which the auditor is required to report under OMB Circular No. A-133, Section 318(a).
- vii. The major federal programs are:  
  
Cluster (as defined by OMB Circular No. A-133 Preinitial Compliance Supplement)  
CFDA #14.851                      Section 8 Rental Certificate Program  
CFDA #14.853                      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 318(b) was \$100,000.
- ix. The auditor does not qualify as a low-risk auditor under OMB Circular No. A-133, Section 318.

Housing Authority of the Town of Newilton  
Newilton, Louisiana

Schedule of Findings and Questioned Costs  
As of and for the Year Ended June 30, 1999

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

**Reference # and title:** 99-F1

**Independent Separation of Duties**

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

**Criteria or specific requirements:** 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, revenue disbursements, and recording of transactions. Some checks cover receipts and disbursements in order. Receipts from HUD are sub-transferred to the bank account. Checks require two signatures, the Executive Director and a member of the Board.

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

**Possible asserted effect (cause and effect):**

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

**Effect:** Incompatible functions are performed by one person.

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

Housing Authority of the Town of Newellton  
Newellton, Louisiana

Schedule of Findings and Questioned Costs  
As of and for the Year Ended June 30, 1999

**PART III - Findings and questioned costs for federal awards which are required to be reported under OMB Circular No. A-133 Section (509)(j):**

**Reference Number:** 99-02

**Integrative Segregation of Dollars**

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

<b>FEDERAL GRANTOR/ PASS-THROUGH GRANTEE/PROGRAM NAME</b>	<b>CFDA Number</b>	<b>Pass-Through Account No.</b>	<b>Federal Award Year</b>
United States Department of Housing and Urban Development			
Section 8 Rental Certificate Program	14.853	FW 2001	1998
Section 8 Rental Voucher Program	14.853	FW 2106	1999

**Entry-wide or program/department specific:** This finding is entry-wide.

**Criteria or specific requirements:** See Finding 99-01.

**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 auditor except as required by OMB Circular No. A-133 Section 180(c), and accordingly, no opinion is expressed. Section 180(f) requires the auditor to follow-up on prior audit findings, perform procedures to assess the maintainability 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.

Housing Authority of the Town of Newellton  
Newellton, Louisiana

Summary Schedule of Prior Audit Findings  
June 30, 1999

Finding reference number: **95-F1**

**Inadequate Segregation of Duties**

**Initially occurred:** Fiscal year ended June 30, 1995.

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

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

**Person responsible for corrective action:**

Ms. Kaylene Baker  
Housing Authority of the  
Town of Newellton  
P. O. Box 1820  
Newellton, LA 71353-0021

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

Finding reference number: **95-F2**

**Inadequate Segregation of Duties**

**Initially occurred:** Fiscal year ended June 30, 1996.

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

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

**Person responsible for corrective action:**

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Housing Authority of the Town of Newellton  
Newellton, Louisiana

Corrective Action Plan for Current-Year Findings and Questioned Costs  
As of and for the Year Ended June 30, 1999

**Reference # and Title**

**99-01**

**Inadequate Segregation of Duties**

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

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

**Person responsible for corrective action:**

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**Reference # and Title**

**99-01**

**Inadequate Segregation of Duties**

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

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

**Person responsible for corrective action:**

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

**Management Letter Items**





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Robert M. French, CPA

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Raymond H. Miller, CPA

is the Managing Director.

## Management Letter

### Respected 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, 1999, 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 8, 1999, 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:

### 22-011 Late Filing of Audit Report

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

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

### 22-012 Waiting List

**Comments:** 24 CFR Sections 968.284 through 968.287 contain the requirements for a Housing Authority's waiting list. Portions of these requirements dictate how and when applicants are selected along with the documentation required. We were able to test the waiting list to ensure applicants were being placed according to the Housing Authority's policy and no exceptions were noted. However, the Housing Authority is not maintaining adequate documentation to make this determination at any given time.

**Recommendations:** The Housing Authority should print a list each time an applicant is chosen to document the procedure used to select applicants from the waiting list.

**Management's response:** The Housing Authority will begin maintaining necessary documentation for the waiting list.

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

#### **9A-E) Tenant Files**

**Comment:** 24CFR Sections 5.212.9.230, and 5.601-5.617 as well as HUD guidance concerning the Form 50058 contain the requirements for information to be maintained in the tenant files. These requirements dictate that dates of birth and utility allowances on the HUD Form 50058 should be documented in tenant files.

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

**Management's Response:** The Housing Authority should require all information be made available before the tenant is given a certificate or voucher. Once the information is entered onto the 50058, this information should be checked for correctness.

#### **9A-F) Voided Checks**

**Comment:** Of the sixty-four vendor disbursements checks tested, four were voided. Of the four, three were not marked "void" or mutilated.

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

**Management's response:** All voided checks in the future will be marked as such and mutilated if necessary.

\* \* \* \* \*

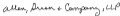
Also included are management's responses to our current-year management letter items. We have performed no audit work to verify the content of the responses.

Immediately following this letter is a Status of Prior Management Letter Items. This information has not been audited by Allen, Green & Company, LLP, and our 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 items.

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.

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

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



ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana  
December 8, 1999

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

**Status of Prior Management Letter Items  
June 30, 1999**

**Finding reference # and title: 88-501 Employees Treated as Contract Labor**

**Initially occurred:** Fiscal year ended June 30, 1998.

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

**Corrective action taken:** All payments to part-time employees in the current year were reported as payroll wages.

**Finding reference # and title: 88-502 Travel Reimbursements**

**Initially occurred:** Fiscal year ended June 30, 1998.

**Condition:** Of the eight travel expense reimbursements noted, the following conditions were found:

One included \$18 reimbursement for child care.  
Eight had no documentation for purpose of travel.

**Corrective action taken:** 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.

**Finding reference # and title: 88-503 Allowable Costs**

**Initially occurred:** Fiscal year ended June 30, 1998.

**Condition:** Certain unallowable costs as defined by OMB Circular No. A-87 were paid at union during field work. The item was a purchase of a birthday balloons bouquet for \$27.85.

**Corrective action taken:** The Housing Authority no longer pays this type of cost.