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HOUSING AUTHORITY OF THE TOWN OF NEWELLTON
Newellton, Louisiana

**GENERAL PURPOSE FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1996
WITH SUPPLEMENTAL INFORMATION SCHEDULES**

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

APR 16 1997

Release Date _____

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON
Newellton, Louisiana

GOVERNMENTAL FUNDS - SPECIAL REVENUE FUND
Statement of Revenues, Expenditures, and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
For the Year Ended June 30, 1996

Statement D

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Federal sources:			
Grants	\$ 115,449	\$ 100,293	\$ (15,156)
Total revenues	\$ 115,449	\$ 100,293	\$ (15,156)
EXPENDITURES			
Current:			
Administrative expenditures	\$ 10,282	\$ 8,944	\$ 1,338
Independent public accountant	1,475	1,368	107
Housing assistance payments	103,692	86,484	17,208
Total expenditures	\$ 115,449	\$ 96,796	\$ 18,653
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$ 0	\$ 3,497	\$ 3,497
FUND BALANCES AT BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	0	(3,029)	(3,029)
PRIOR PERIOD ADJUSTMENT	0	5,044	5,044
FUND BALANCES AT BEGINNING OF YEAR, AS RESTATED	\$ 0	\$ 2,015	\$ 2,015
FUND BALANCES AT END OF YEAR	\$ 0	\$ 5,512	\$ 5,512

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-GAAP Basis) and Actual
For the Year Ended June 30, 1996

Statement C

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Federal sources:			
Grants	\$ 241,371	\$ 220,271	\$ (21,100)
Total revenues	\$ 241,371	\$ 220,271	\$ (21,100)
EXPENDITURES			
Current:			
Administrative expenditures	\$ 32,305	\$ 22,644	\$ 9,661
Independent public accountant	1,850	1,845	5
Housing assistance payments	207,216	184,373	22,843
Total expenditures	\$ 241,371	\$ 208,862	\$ 32,509
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$ 0	\$ 11,409	\$ 11,409
FUND BALANCES AT BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	0	(626)	(626)
PRIOR PERIOD ADJUSTMENT	0	(12,352)	(12,352)
FUND BALANCES AT BEGINNING OF YEAR, AS RESTATED	\$ 0	\$ (12,978)	\$ (12,978)
FUND BALANCES AT END OF YEAR	\$ 0	\$ (1,569)	\$ (1,569)

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, 1996**

Statement B

	GENERAL FUND	SPECIAL REVENUE FUND	TOTAL (MEMORANDUM ONLY)
REVENUES			
Federal sources:			
Grants	\$ 220,271	\$ 100,293	\$ 320,564
Total revenues	\$ 220,271	\$ 100,293	\$ 320,564
 EXPENDITURES			
Current:			
Administrative expenditures	\$ 21,259	\$ 8,020	\$ 29,279
Independent public accountant	1,845	1,368	3,213
Housing assistance payments	184,373	86,484	270,857
Debt service:			
Principal retirement	646	431	1,077
Interest and bank charges	739	493	1,232
Total expenditures	\$ 208,862	\$ 96,796	\$ 305,658
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	\$ 11,409	\$ 3,497	\$ 14,906
FUND BALANCES AT BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	(626)	(3,029)	(3,655)
PRIOR PERIOD ADJUSTMENT	(12,352)	5,044	(7,308)
FUND BALANCES AT BEGINNING OF YEAR, AS RESTATED	\$ (12,978)	\$ 2,015	\$ (10,963)
FUND BALANCES AT END OF YEAR	\$ (1,569)	\$ 5,512	\$ 3,943

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

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON
Newellton, Louisiana

**GENERAL PURPOSE FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1996
WITH SUPPLEMENTAL INFORMATION SCHEDULES**

TABLE OF CONTENTS

	<u>STATEMENT</u>	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT		1-2
GENERAL PURPOSE FINANCIAL STATEMENTS:		
Combined Balance Sheets - All Fund Types and Account Groups	A	3-4
GOVERNMENTAL FUNDS:		
Statement of Revenues, Expenditures, and Changes in Fund Balances	B	5
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual		
General Fund	C	6
Special Revenue Fund	D	7
NOTES TO THE FINANCIAL STATEMENTS		
Index		8
Notes		9-17

Statement A

****ACCOUNT GROUPS****

GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATIONS	TOTAL (MEMORANDUM ONLY)
\$ 0	\$ 0	\$ 59,429
0	0	523
0	0	2,864
13,954	0	13,954
<u>0</u>	<u>9,923</u>	<u>9,923</u>
<u>\$ 13,954</u>	<u>\$ 9,923</u>	<u>\$ 86,693</u>
\$ 0	\$ 0	\$ 56,009
0	0	2,864
<u>0</u>	<u>9,923</u>	<u>9,923</u>
<u>\$ 0</u>	<u>\$ 9,923</u>	<u>\$ 68,796</u>
\$ 13,954	\$ 0	\$ 13,954
<u>0</u>	<u>0</u>	<u>3,943</u>
<u>\$ 13,954</u>	<u>\$ 0</u>	<u>\$ 17,897</u>
<u>\$ 13,954</u>	<u>\$ 9,923</u>	<u>\$ 86,693</u>

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

**ALL FUND TYPES AND ACCOUNT GROUPS
Combined Balance Sheet
June 30, 1996**

	*****GOVERNMENTAL FUNDS*****	
	GENERAL FUND	SPECIAL REVENUE FUNDS
ASSETS AND OTHER DEBITS		
Assets		
Cash and cash equivalents	\$ 36,939	\$ 22,490
Receivables	442	81
Interfund receivable	2,864	0
Land, structures, and equipment	0	0
Other debits:		
Amount to be provided for retirement of general long-term obligations	0	0
TOTAL ASSETS AND OTHER DEBITS	\$ 40,245	\$ 22,571
LIABILITIES, EQUITY AND OTHER CREDITS		
Liabilities		
Accounts payables	\$ 41,814	\$ 14,195
Interfund payable	0	2,864
Notes payable	0	0
Total Liabilities	\$ 41,814	\$ 17,059
Equity and Other Credits		
Investment in general fixed assets	\$ 0	\$ 0
Fund balances:		
Unreserved and undesignated	(1,569)	5,512
Total Equity and Other Credits	\$ (1,569)	\$ 5,512
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	\$ 40,245	\$ 22,571

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

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

**GENERAL PURPOSE FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1996
WITH SUPPLEMENTAL INFORMATION SCHEDULES**

**TABLE OF CONTENTS
(Continued)**

	<u>SCHEDULE</u>	<u>PAGE</u>
SUPPLEMENTAL INFORMATION		18
GENERAL		
Schedule of Compensation Paid Board Members		19
Federal Financial Assistance Programs		19
Schedule of Federal Financial Assistance	1	20
SUPPLEMENTAL INFORMATION SCHEDULES - HUD-PRESCRIBED FORMAT		21
Analysis of Surplus - Statutory Basis		
Section 8	A	22-23

BOARD OF COMMISSIONERS
HOUSING AUTHORITY OF
THE TOWN OF NEWELLTON
Newellton, Louisiana

B. Supplemental Information Schedules - HUD Prescribed Format, which is a Statutory Basis of Accounting, has been subjected to the 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.

In accordance with Government Auditing Standards, we have also issued a report dated February 18, 1997 on our consideration of the Housing Authority's internal control structure and a report dated February 18, 1997 on its compliance with laws and regulations.

Allen Green & Robinette

ALLEN, GREEN & ROBINETTE, L.L.P.

Monroe, Louisiana
February 18, 1997



ALLEN, GREEN & ROBINETTE, L.L.P.

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INDEPENDENT AUDITORS' REPORT

BOARD OF COMMISSIONERS
HOUSING AUTHORITY OF THE TOWN
OF NEWELLTON
Newellton, Louisiana

U. S. DEPARTMENT OF HOUSING AND
URBAN DEVELOPMENT
Housing Management Division
1661 Canal Street
New Orleans, 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, 1996, as listed in the foregoing 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, Government Auditing Standards, issued by the Comptroller General of the United States and the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the Town of Newellton, as of June 30, 1996, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying supplemental information schedules listed in the table of contents including the Schedule of Federal Financial Assistance are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of the Housing Authority of the Town of Newellton. The accompanying supplemental information identified as:

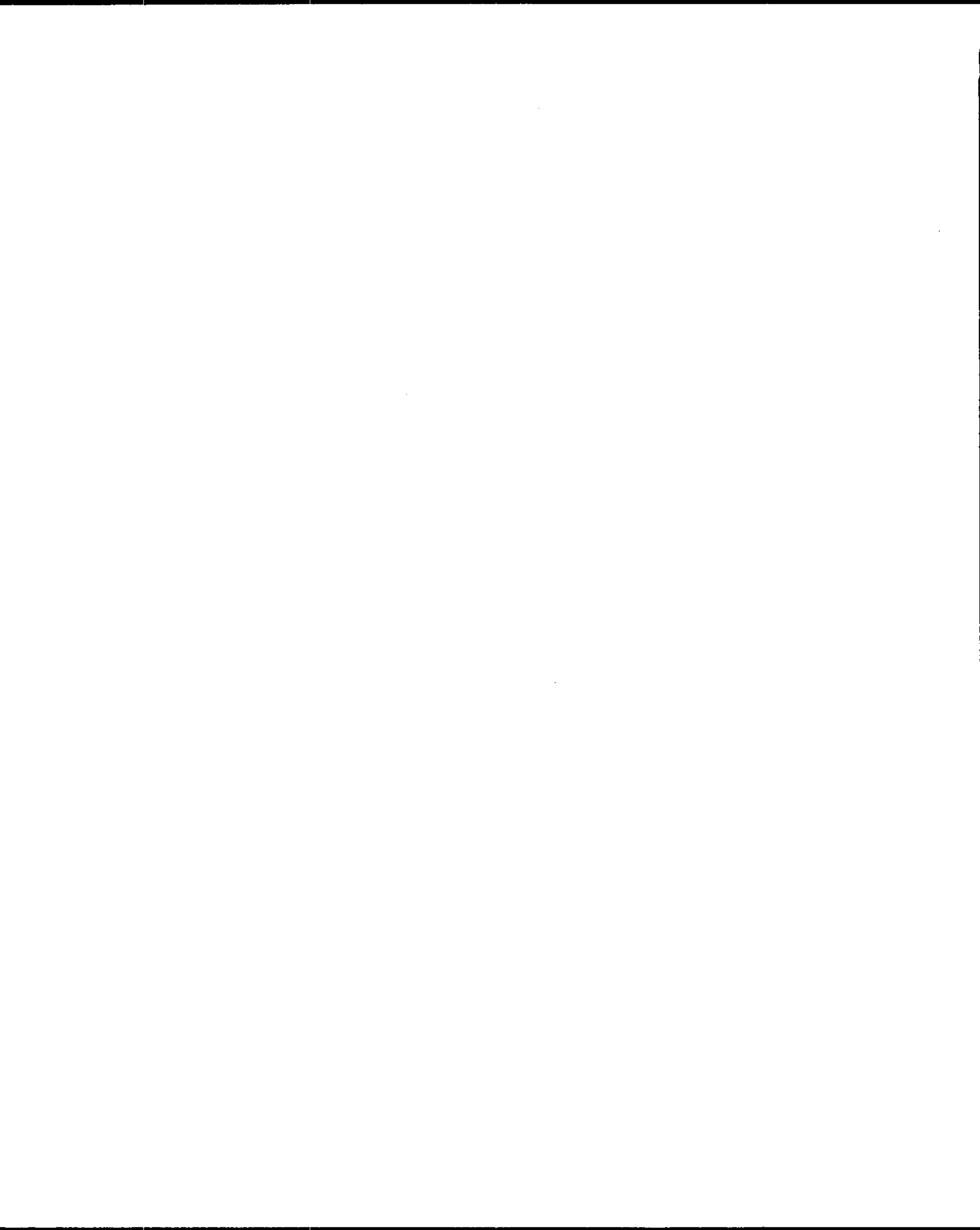
A. Supplemental Information Schedules - Generally Accepted Accounting Principles Basis and including the Schedule of Federal Financial Assistance has been subjected to the procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON
Newellton, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1996

INDEX

	<u>PAGE</u>
INTRODUCTION	9
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	9
A Basis of Presentation	9
B Reporting Entity	9-10
C Funds and Account Groups	10-11
D Basis of Accounting	11
E Budgets	12
F Encumbrances	12
G Cash and Cash Equivalents	12
H Short-Term Interfund Receivables/Payables	12
I Fixed Assets	13
J Compensated Absences	13
K Long-Term Obligations	13
L Interfund Transactions	13
M Total Columns on Combined Statements	13
NOTE 2 - FUND DEFICITS	14
NOTE 3 - FUND BALANCE - PRIOR PERIOD ADJUSTMENT	14
NOTE 4 - DEPOSITS	14
NOTE 5 - RECEIVABLES	14
NOTE 6 - FIXED ASSETS	15
NOTE 7 - ACCOUNTS PAYABLE	15
NOTE 8 - GENERAL LONG-TERM OBLIGATIONS	15-16
NOTE 9 - INTERFUND RECEIVABLES/PAYABLES	16
NOTE 10 - CONTINGENCIES	16
NOTE 11 - DEFINED CONTRIBUTION PLAN	17
NOTE 12 - RELATED PARTY DISCLOSURE	17
NOTE 13 - BUDGET/GAAP RECONCILIATION	17



HOUSING AUTHORITY OF THE TOWN OF NEWELLTON
Newellton, Louisiana

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
For the Year Ended June 30, 1996

Schedule 1

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR / PROGRAM NAME	CFDA NUMBER	GRANT ID #	PROGRAM OR AWARD AMOUNT
United States Department of Housing and Urban Development Direct Programs:			
Section 8 Rental Certificate Program	14.857	FW 2071	\$ 220,271
Section 8 Rental Voucher Program	14.855	FW 2236	<u>100,293</u>
Total United States Department of Housing and Urban Development			<u>\$ 320,564</u>

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON
Newellton, Louisiana

**GENERAL PURPOSE FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1996
WITH SUPPLEMENTAL INFORMATION SCHEDULES**

**TABLE OF CONTENTS
(Concluded)**

	<u>PAGE</u>
OTHER REPORTS REQUIRED BY <u>GOVERNMENT AUDITING STANDARDS</u>	24
Independent Auditor's Report on Internal Control Structure Based on an Audit of General Purpose Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	25-26
Independent Auditors' Report on Compliance Based on an Audit of General Purpose Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	27
OTHER REPORTS REQUIRED BY OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR A-128	28
Independent Auditors' Report on the Internal Control Structure Used in Administering Federal Financial Assistance Programs	29-31
Independent Auditors' Report on Compliance with the General Requirements Applicable to Federal Financial Assistance Programs	32
Independent Auditors' Report on Compliance with Specific Requirements Applicable to Nonmajor Federal Financial Assistance Program Transactions	33
STATUS OF PRIOR AUDIT REPORTABLE CONDITIONS	34
STATUS OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS	35
SCHEDULE OF REPORTABLE CONDITIONS	36
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	37

BOARD OF COMMISSIONERS
HOUSING AUTHORITY OF THE TOWN
OF NEWELLTON
Newellton, Louisiana

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program 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 structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe the reportable condition described above is a material weakness.

This report is intended for the information of the Board of Commissioners, management, and the U. S. Department of Housing and Urban Development. However, this report is a matter of public record and its distribution is not limited.

Allen, Green & Robinette

ALLEN, GREEN & ROBINETTE, L.L.P.

Monroe, Louisiana
February 18, 1997

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON
Newellton, Louisiana

OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS

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

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON
Newellton, Louisiana

SUPPLEMENTAL INFORMATION



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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

BOARD OF COMMISSIONERS
HOUSING AUTHORITY OF THE TOWN
OF NEWELLTON
Newellton, Louisiana

U. S. DEPARTMENT OF HOUSING AND
URBAN DEVELOPMENT
Housing Management Division
1661 Canal Street
New Orleans, Louisiana

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, 1996, and have issued our report thereon dated February 18, 1997.

We conducted our audit in accordance with generally accepted auditing standards and 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.

The management of the Housing Authority of the Town of Newellton is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of the Housing Authority of the Town of Newellton for the year ended June 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

BOARD OF COMMISSIONERS
HOUSING AUTHORITY OF THE TOWN
OF NEWELLTON
Newellton, Louisiana

We noted a certain matter involving the internal control structure and its operation that we consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants as listed in the accompanying Schedule of Reportable Conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose 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 structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the reportable condition described in the accompanying Schedule of Reportable Conditions is a material weakness. This condition was considered in determining the nature, timing and extent of the procedures to be performed in our audit of the general purpose financial statements of the Housing Authority of the Town of Newellton.

This report is intended for the information of the Board of Commissioners, management, and the U. S. Department of Housing and Urban Development. However, this report is a matter of public record and its distribution is not limited.



ALLEN, GREEN & ROBINETTE, L.L.P.

Monroe, Louisiana
February 18, 1997



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

BOARD OF COMMISSIONERS
HOUSING AUTHORITY OF THE TOWN
OF NEWELLTON
Newellton, Louisiana

U. S. DEPARTMENT OF HOUSING AND
URBAN DEVELOPMENT
Housing Management Division
1661 Canal Street
New Orleans, Louisiana

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, 1996, and have issued our report thereon dated February 18, 1997.

We conducted our audit in accordance with generally accepted auditing standards, 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.

Compliance with laws, regulations, contracts, and grants applicable to the Housing Authority is the responsibility of the Housing Authority's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the Housing Authority's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under Government Auditing Standards. However, the results of our tests disclosed one immaterial instance of noncompliance which is described in finding #2 of the accompanying Schedule of Findings and Questioned Costs.

This report is intended for the information of the Board of Commissioners, management, and the U. S. Department of Housing and Urban Development. However, this report is a matter of public record and its distribution is not limited.

Allen, Green & Robinette

ALLEN, GREEN & ROBINETTE, L.L.P.

Monroe, Louisiana
February 18, 1997

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON
Newellton, Louisiana

**OTHER REPORTS REQUIRED BY
OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR A-128**

The following pages contain information on internal control and compliance required by OMB Circular A-128. The report on internal accounting and administrative controls relates to matters that would be significant and/or material to federal financial assistance programs. The report on compliance is, likewise, related to tests of compliance relating to federal financial assistance programs.

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON
Newellton, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1996

INTRODUCTION

Housing Authorities are chartered as public corporations under the laws (LSA-RS 40:391) of the State of Louisiana for the purpose of providing safe and sanitary dwellings accommodations. This creation was contingent upon the local governing body of the city or parish declaring a need for the Housing Authority to function in such city or parish. The Housing Authority of the Town of Newellton is governed by a five member Board of Commissioners. The members, appointed by the Honorable Mayor of the Town of Newellton, serve a 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	38

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

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.

B. REPORTING ENTITY

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Because the Housing Authority is legally separate and 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, et cetera, that are within the oversight responsibility of the Housing Authority.

BOARD OF COMMISSIONERS
HOUSING AUTHORITY OF THE TOWN
OF NEWELLTON
Newellton, Louisiana

that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

Accounting Controls

Cash
Revenue and receivables
Expenditures for goods and services and accounts payable
Payroll and related liabilities
Single audit and similar grant programs

Administrative Controls

Political activity	Allowable costs/cost principles
Civil rights	Drug-free Workplace Act compliance
Cash management	Administrative requirements
Federal financial reports	

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended June 30, 1996, the Housing Authority of the Town of Newellton, Louisiana, had no major federal financial assistance programs and expended 100% of its total federal financial assistance under the following nonmajor federal financial assistance programs: Section 8 Rental Certificate Program and Section 8 Rental Voucher Program.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we have considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements that are applicable to the aforementioned nonmajor programs. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

We noted one matter involving the internal control structure and its operation that we consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants which is described in the accompanying Schedule of Reportable Conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the Housing Authority's ability to administer federal financial assistance programs in accordance with applicable laws and regulations.

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON
Newellton, Louisiana

**ANALYSIS OF SURPLUS
STATUTORY BASIS
For the Year Ended June 30, 1996**

Schedule A

HOUSING ASSISTANCE PAYMENT PROGRAMS (ACC FW 2071 & 2236)

	RENTAL CERTIFICATES	RENTAL VOUCHERS	TOTAL PHA OWNED HOUSING
PROJECT ACCOUNT UNFUNDED			
BALANCE, BEGINNING	\$ 332,607	\$ 214,161	\$ 546,768
HUD Adjustments	7,638	(5,044)	2,594
Provision for (Reduction of) Project Account Unfunded	<u>52,025</u>	<u>18,977</u>	<u>71,002</u>
BALANCE, ENDING	<u>\$ 392,270</u>	<u>\$ 228,094</u>	<u>\$ 620,364</u>
CUMULATIVE HUD CONTRIBUTION			
BALANCE, BEGINNING	\$ 2,566,816	\$ 556,813	\$ 3,123,629
HUD Adjustments	(11,090)	5,044	(6,046)
Annual Contribution Earned Section 8	<u>220,271</u>	<u>100,293</u>	<u>320,564</u>
BALANCE, ENDING	<u>\$ 2,775,997</u>	<u>\$ 662,150</u>	<u>\$ 3,438,147</u>
TOTAL SURPLUS	<u>\$ 1,306</u>	<u>\$ 6,668</u>	<u>\$ 7,974</u>

(CONCLUDED)



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH THE GENERAL REQUIREMENTS APPLICABLE TO FEDERAL FINANCIAL ASSISTANCE PROGRAMS

BOARD OF COMMISSIONERS
HOUSING AUTHORITY OF THE TOWN
OF NEWELLTON
Newellton, Louisiana

U. S. DEPARTMENT OF HOUSING AND
URBAN DEVELOPMENT
Housing Management Division
1661 Canal Street
New Orleans, Louisiana

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, 1996, and have issued our report thereon dated February 18, 1997.

We have applied procedures to test the Housing Authority of the Town of Newellton, Louisiana's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended June 30, 1996: political activity, civil rights, cash management, federal financial reports, allowable costs/ cost principles, Drug-free Workplace Act and administrative requirements.

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Single Audits of State and Local Governments." Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Housing Authority of the Town of Newellton, Louisiana's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the Housing Authority of the Town of Newellton, Louisiana, had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed one immaterial instance of noncompliance with those requirements, which is described in finding #1 of the accompanying Schedule of Findings and Questioned Costs.

This report is intended for the information of the Board of Commissioners, management, and the U. S. Department of Housing and Urban Development. However, this report is a matter of public record and its distribution is not limited.

Allen Green & Robinette

ALLEN, GREEN & ROBINETTE, L.L.P.

Monroe, Louisiana
February 18, 1997



ALLEN, GREEN & ROBINETTE, L.L.P.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS

BOARD OF COMMISSIONERS
HOUSING AUTHORITY OF THE TOWN
OF NEWELLTON
Newellton, Louisiana

U. S. DEPARTMENT OF HOUSING AND
URBAN DEVELOPMENT
Housing Management Division
1661 Canal Street
New Orleans, Louisiana

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, 1996, and have issued our report thereon dated February 18, 1997.

In connection with our audit of the general purpose financial statements of the Housing Authority of the Town of Newellton, Louisiana, and with our consideration of the Housing Authority's control structure used to administer federal financial assistance programs, as required by Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments," we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended June 30, 1996. As required by OMB Circular A-128, we performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed and eligibility that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Housing Authority of the Town of Newellton, Louisiana's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Housing Authority of the Town of Newellton, Louisiana, had not complied, in all material respects, with those requirements.

This report is intended for the information of the Board of Commissioners, management, and the U. S. Department of Housing and Urban Development. However, this report is a matter of public record and its distribution is not limited.

ALLEN, GREEN & ROBINETTE, L.L.P.

Monroe, Louisiana
February 18, 1997

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

**STATUS OF PRIOR AUDIT REPORTABLE CONDITIONS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1996**

1. Inadequate segregation of Duties

See current-year reportable condition #1.

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

**STATUS OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1996**

1. Federal Financial Reports

See current-year finding #1.

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON
Newellton, Louisiana

SCHEDULE OF REPORTABLE CONDITIONS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1996

1. **Inadequate segregation of Duties**
(Section 8 Rental Certificate Program - CFDA #14.857)
(Section 8 Rental Voucher Program - CFDA #14.855)

CONDITION: Nearly all functions of the Housing Authority are performed by the Executive Director, the secretary, and part-time employees. These functions include purchasing, disbursements, reconciliations, and recording of transactions. Some controls over receipts and disbursements do exist. Receipts from HUD are wire-transferred to the bank account. Checks require two signatures, the Executive Director and a member of the Board. We feel duties are segregated to the greatest possible extent given the fact that the Housing Authority has only two paid employees.

CAUSE OF CONDITION: Due to its small size, the Housing Authority has only two paid employees.

RECOMMENDATION: The Housing Authority cannot hire another full-time employee because this would not be cost beneficial.

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON
Newellton, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1996

1. Federal Financial Reports

(Section 8 Rental Certificate Program - CFDA #14.857)

(Section 8 Rental Voucher Program - CFDA #14.855)

CONDITION: HUD financial statements were filed incorrectly resulting in the amount due HUD having to be adjusted. The adjustment to the Rental Certificate Program resulted in a decrease in the amount due HUD of \$253. The adjustment to the Rental Voucher Program resulted in an additional \$275 due HUD.

REASON IMPROVEMENT NEEDED: To ensure that HUD financial statements are filed correctly.

CAUSE OF CONDITION: The administrative fee was calculated incorrectly.

EFFECT OF CONDITION: Adjustments to the amount due HUD were necessary to correct the financial statements.

RECOMMENDATION: HUD financial statements should be carefully reviewed to ensure accuracy before filing.

MANAGEMENT'S RESPONSE: Steps will be taken to ensure that future HUD financial statements are filed accurately and correctly.

2. Late Filing of Audit Report

CONDITION: The Louisiana Legislative Auditor requires audit reports to be filed within six months of the year-end of the governments. The audit report as of and for the year ended June 30, 1996 was filed after the six-month period.

REASON IMPROVEMENT NEEDED: To comply with state regulations.

CAUSE OF CONDITION: Due to unexpected additional workload and staff shortage of auditor for the 1996 year.

EFFECT OF CONDITION: Violation of state regulation.

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

MANAGEMENT'S RESPONSE: We will comply with the auditors' recommendation.



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INDEPENDENT AUDITORS' REPORT ON THE INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING FEDERAL FINANCIAL ASSISTANCE PROGRAMS

BOARD OF COMMISSIONERS
HOUSING AUTHORITY OF THE TOWN
OF NEWELLTON
Newellton, Louisiana

U. S. DEPARTMENT OF HOUSING AND
URBAN DEVELOPMENT
Housing Management Division
1661 Canal Street
New Orleans, Louisiana

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, 1996, and have issued our report thereon dated February 18, 1997.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

In planning and performing our audit for the year ended June 30, 1996, we considered the Housing Authority's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the Housing Authority's general purpose financial statements and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the general purpose financial statements in a separate report dated February 18, 1997.

The management of the Housing Authority of the Town of Newellton, Louisiana, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON
Newellton, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1996

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. 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 (or any other types, 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 FINANCIAL STATEMENTS
JUNE 30, 1996

NOTE 6 - FIXED ASSETS

The changes in general fixed assets are as follows:

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Ending</u>
Building	\$10,725	\$ -	\$ -	\$10,725
Furniture and equipment	<u>3,229</u>	<u>-</u>	<u>-</u>	<u>3,229</u>
Total	<u>\$13,954</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$13,954</u>

NOTE 7 - ACCOUNTS PAYABLE

Accounts payable consists of the following at June 30, 1996:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Due to other governments:			
Payable to HUD	<u>\$41,814</u>	<u>\$14,195</u>	<u>\$56,009</u>

NOTE 8 - GENERAL LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended June 30, 1996:

	<u>Notes Payable</u>
Balance at beginning of year	\$11,000
Additions	-
Deductions	<u>(1,077)</u>
Balance at end of year	<u>\$ 9,923</u>

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON
Newellton, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1996

NOTE 8 -GENERAL LONG-TERM OBLIGATIONS (Continued)

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

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
1996-1997	\$1,095	\$1,213	\$ 2,308
1997-1998	945	1,362	2,307
1998-1999	778	1,530	2,308
2000-2001	589	1,719	2,308
2001-2003	<u>518</u>	<u>4,099</u>	<u>4,617</u>
Totals	<u>\$3,925</u>	<u>\$9,923</u>	<u>\$13,848</u>

NOTE 9 - INTERFUND RECEIVABLES/PAYABLES

Due from/to other funds:

	<u>Receivable</u>	<u>Payable</u>
General fund	\$2,864	\$ -
Special revenue fund	<u>-</u>	<u>2,864</u>
	<u>\$2,864</u>	<u>\$2,864</u>

NOTE 10 - 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.

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON
Newellton, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1996

NOTE 11 - DEFINED CONTRIBUTION PLAN

The Housing Authority provides pension benefits for all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the first anniversary date of employment. Each participant in the plan is required to make a monthly contribution equal to five percent of his effective compensation. The employer makes a monthly contribution equal to seven percent of each participant's effective compensation. The Housing Authority's contribution for each employee (and income allocated to the employee's account) 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, 1996 was \$15,623. The total payroll for the covered employee was \$15,130. Both the Housing Authority and the covered employee made the required contributions, amounting to \$1,634.

NOTE 12 - 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, 1996 were \$415 for Rental Certificates and \$415 for Rental Vouchers.

NOTE 13 - 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 Balances:

	<u>General Fund</u>	<u>Special Fund</u>
Fund balances (budget)	\$(1,569)	\$ 5,512
Expenditures		
Current:		
Administrative expenditures	(1,385)	(924)
Debt service:		
Principal payments	646	431
Interest and bank charges	<u>739</u>	<u>493</u>
Fund balances (GAAP)	<u>\$(1,569)</u>	<u>\$ 5,512</u>

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

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

**SUPPLEMENTAL INFORMATION SCHEDULES
AS OF AND FOR THE YEAR ENDED JUNE 30, 1996**

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

Ms. Clara Bass

Mr. Glen McCarty

Mr. Billy Lee

Mr. Kent Morgan

FEDERAL FINANCIAL ASSISTANCE PROGRAMS

In accordance with Office of Management and Budget (OMB) Circular A-128, a schedule of federal financial assistance is presented.

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON
Newellton, Louisiana

**ANALYSIS OF SURPLUS
STATUTORY BASIS
For the Year Ended June 30, 1996**

Schedule A

HOUSING ASSISTANCE PAYMENT PROGRAMS (ACC FW 2071 & 2236)

	RENTAL CERTIFICATES	RENTAL VOUCHERS	TOTAL PHA OWNED HOUSING
UNRESERVED SURPLUS			
BALANCE, BEGINNING	\$ (2,897,028)	\$ (769,462)	\$ (3,666,490)
HUD Adjustments	3,315	(816)	2,499
NET LOSS	(208,216)	(96,365)	(304,581)
(Provision for) Reduction of:			
Operating reserve	(52,025)	(18,977)	(71,002)
Project account	<u>(11,438)</u>	<u>(3,468)</u>	<u>(14,906)</u>
BALANCE, ENDING	<u>\$ (3,165,392)</u>	<u>\$ (889,088)</u>	<u>\$ (4,054,480)</u>
OPERATING RESERVE			
BALANCE, BEGINNING	\$ (792)	\$ (3,816)	\$ (4,608)
HUD Adjustments	(12,215)	5,860	(6,355)
Provision for (Reduction of) Operating Reserve	<u>11,438</u>	<u>3,468</u>	<u>14,906</u>
BALANCE, ENDING	<u>\$ (1,569)</u>	<u>\$ 5,512</u>	<u>\$ 3,943</u>

(CONTINUED)

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON
Newellton, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1996

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. BUDGETS

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

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

F. ENCUMBRANCES

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

G. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits and cash with fiscal 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 NEWELLTON
Newellton, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1996

NOTE 2 - FUND DEFICITS

The following individual fund had a deficit in unreserved fund balance at June 30, 1996:

<u>Fund</u>	<u>Deficit Amount</u>
General Fund	\$1,569

The deficit in the above fund will be cleared by receipt of federal grants.

NOTE 3 - FUND BALANCE - PRIOR PERIOD ADJUSTMENT

The beginning fund balance in the general fund and the special revenue fund have been restated to reflect adjustments to the HUD surplus accounts made by HUD for the year ended June 30, 1995. These adjustments were corrections to the administrative fee earned and the payable due to HUD.

NOTE 4 - 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 \$59,429 and the bank balance was \$62,456. Of the bank balance, \$62,456 was covered by federal depository insurance (GASB Category 1).

NOTE 5 - RECEIVABLES

Accounts receivable consists of the following at June 30, 1996:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Local sources:			
Other	<u>\$442</u>	<u>\$81</u>	<u>\$523</u>

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON
Newellton, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1996

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 benefit to, or impose financial burdens on, the Town of Newellton. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of the Town of Newellton.

Certain units of local government over which the Housing Authority exercises no oversight responsibility, such as the school board, parish police jury, other independently elected parish officials, and municipalities within the parish, are excluded from the accompanying general purpose financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the Housing Authority. In addition, the accompanying general purpose financial statements do not include various tenant associations which are legally separate entities.

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 monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds include:

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

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON
Newellton, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1996

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. FIXED ASSETS

Fixed assets of governmental funds are recorded as expenditures at the time they are purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Public 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 C60, is recognized as a current-year expenditure in the governmental funds when leave is actually taken or when employees (or heirs) are paid for accrued leave upon retirement or death, while the cost of leave privileges not requiring current resources is recorded in the general long-term obligations account group.

K. LONG-TERM OBLIGATIONS

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

L. INTERFUND TRANSACTIONS

Quasi-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/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. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

M. TOTAL COLUMNS ON COMBINED STATEMENTS

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