

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

**Annual Financial Report
As of and for the Year Ended June 30, 2005**

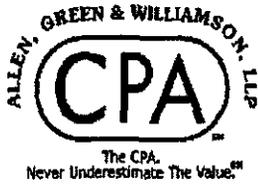
Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the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

Release Date 2-22-06

Housing Authority of the Town of Newellton

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Independent Auditors' Report

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

We have audited the accompanying financial statements of the major fund of the Housing Authority of the Town of Newellton as of and for the year ended June 30, 2005, which comprise the Housing Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund of the Housing Authority, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 18, 2005, on our consideration of the Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of the audit.

Required Supplemental Information The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information, and express no opinion on it.

Supplemental Information Our audit was performed for the purpose of forming an opinion on the financial statements that comprise the Housing Authority's basic financial statements. The accompanying information identified in the table of contents as supplemental information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information The information identified in the table of contents as the Other Information is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Housing Authority. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Allen, Green & Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
November 18, 2005

REQUIRED SUPPLEMENTAL INFORMATION
MANAGEMENT'S DISCUSSION
AND ANALYSIS (MD&A)

Housing Authority of the Town of Newellton

Management's Discussion and Analysis (MD&A)
June 30, 2005

As management of the Housing Authority, we offer readers of the Housing Authority's basic financial statements this narrative overview and analysis of the financial activities of the Housing Authority for the fiscal year ended June 30, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

FINANCIAL HIGHLIGHTS

- The Housing Authority's cash balance was \$3,049, which decreased due to excessive drawdown of funds from HUD in prior year which was recaptured by HUD during the current year.
- The Housing Authority's net assets decreased \$5,691. This was mainly due to an increase in housing assistance payments; however federal revenue stayed relatively the same.

OVERVIEW OF THE FINANCIAL STATEMENTS This discussion and analysis is intended to serve as an introduction to the Housing Authority's basic financial statements. The Housing Authority's basic financial statements comprise two components: 1) basic financial statements, and 2) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The Housing Authority is a special-purpose government engaged only in business-type activities. Accordingly, only fund financial statements are required to be presented as the basic financial statements.

FUND FINANCIAL STATEMENTS A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Housing Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund of the Housing Authority is reported as proprietary fund type.

Housing Authority of the Town of Newellton

Management's Discussion and Analysis (MD&A)

June 30, 2005

USING THIS ANNUAL REPORT The Housing Authority's annual report consist of financial statements that show information about the Housing Authority's enterprise fund.

Financial Section

Required Supplemental Information

Management's Discussion & Analysis (MD&A)

Basic Financial Statements

**Fund
Financial Statements**

**Notes to the Basic Financial
Statements**

**Supplemental Information
Schedule of Compensation Paid Board Members**

Our auditor has provided assurance in the independent auditors' report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the other information included in this report. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

Reporting the Housing Authority's Proprietary Funds

Proprietary funds – All of the Housing Authority's services are reported in enterprise funds. They are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The focus of proprietary funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

Housing Authority of the Town of Newellton

Management's Discussion and Analysis (MD&A)
June 30, 2005

FINANCIAL ANALYSIS The Housing Authority's net assets were \$806 at June 30, 2005. As we noted earlier, the Housing Authority uses fund accounting to help it control and manage money for particular purposes. The enterprise fund is used to account for the public housing.

Table 1
Net Assets
June 30,

	<u>2004</u>	<u>2005</u>
Current assets	\$40,785	\$3,049
Capital assets, net of depreciation	<u>219</u>	<u>526</u>
Total assets	<u>41,004</u>	<u>3,575</u>
Current liabilities	32,477	739
Long-term liabilities	<u>2,030</u>	<u>2,030</u>
Total liabilities	<u>34,507</u>	<u>2,769</u>
Net assets		
Invested in capital assets, net of related debt	219	526
Unrestricted	<u>6,278</u>	<u>280</u>
Total net assets	<u>\$ 6,497</u>	<u>\$ 806</u>

Housing Authority of the Town of Newellton

Management's Discussion and Analysis (MD&A)
June 30, 2005

Table 2
Changes in Net Assets
For the Years Ended June 30,

	<u>2004</u>	<u>2005</u>
Revenues:		
Operating revenues		
Rent and other	\$ 0	\$ 908
Nonoperating revenues		
Interest earnings	244	542
Federal grants	<u>396,147</u>	<u>395,401</u>
Total revenues	<u>396,391</u>	<u>396,851</u>
Expenses:		
Operating expenses		
Administration	49,250	50,183
General expenses	13,647	12,392
Housing assistance payments	332,796	339,550
Depreciation	<u>823</u>	<u>417</u>
Total operating expenses	<u>396,516</u>	<u>402,542</u>
Increase (decrease) in net assets	(125)	(5,691)
Net assets, beginning	<u>6,622</u>	<u>6,497</u>
Net assets, ending	<u>\$ 6,497</u>	<u>\$ 806</u>

Total revenues increased by \$460 due primarily to an increase in fraud recovery collections of \$908 and also an increase of \$298 in interest earnings for the year.

Total expenses increased \$6,026 due primarily to an increase in housing assistance payments of \$6,754. Depreciation expense decreased by \$406, while administrative expenses increased by \$933 and general expenses decreased by \$1,255.

Housing Authority of the Town of Newellton

Management's Discussion and Analysis (MD&A)
June 30, 2005

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2005, the Housing Authority had \$526 invested in capital assets, including a portable building and furniture and equipment. The amount represents an increase (including additions, deletions and depreciation) of \$307 or 140 percent from last year. We present more detail about capital assets in the notes to the financial statements.

Debt

Our long-term debt includes accrued annual and sick leave. We present more detail about our long-term liabilities in the notes to the financial statements.

ECONOMIC FACTORS The Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by the Federal budget than by local economic conditions.

CONTACTING THE HOUSING AUTHORITY'S FINANCIAL MANAGEMENT Our financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Housing Authority's finances and to show the Housing Authority's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Ms. Kaylene Baker, P. O. Box 1021, Newellton, LA 71357-1021 or at (318) 467-2151 .

Housing Authority of the Town of Newellton

BASIC FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON

ENTERPRISE FUND
Balance Sheet
June 30, 2005

Statement A

ASSETS

Current assets:

Cash and cash equivalents \$ 3,049

Total current assets 3,049

Noncurrent assets:

Capital Assets:

Portable building and furniture and equipment 21,565
Less accumulated depreciation (21,039)

Total noncurrent assets 526

Total assets 3,575

LIABILITIES

Current liabilities:

Compensated absences 739

Total current liabilities 739

Noncurrent liabilities:

Compensated absences 2,030

Total liabilities 2,769

NET ASSETS

Invested in capital assets, net of related debt 526

Unrestricted 280

Total Net Assets 806

Total liabilities and net assets \$ 3,575

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

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON

ENTERPRISE FUND
Statement of Revenues, Expenses,
and Changes in Fund Net Assets
For the Year Ended June 30, 2005

Statement B

Operating revenues:	
Other	\$ <u>908</u>
Total operating revenues	<u>908</u>
Operating expenses:	
Administration	50,183
General expenses	12,392
Housing assistance payments	339,550
Depreciation	<u>417</u>
Total operating expenses	<u>402,542</u>
Operating Income (loss)	<u>(401,634)</u>
Nonoperating revenues (expenses)	
Interest earnings	542
Federal grants	<u>395,401</u>
Total nonoperating revenues (expenses)	<u>395,943</u>
Change in net assets	(5,691)
Total net assets - beginning	<u>6,497</u>
Total net assets - ending	<u>\$ 806</u>

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

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON

**ENTERPRISE FUND
Statement of Cash Flows
For the Year Ended June 30, 2005**

Statement C

CASH FLOWS FROM OPERATING ACTIVITIES	
Other receipts	\$ 908
Payments to vendors	(33,758)
Payments to employees	(28,817)
Payments to HUD	(31,738)
Payments to private landlords	<u>(339,550)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(432,955)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Federal grants	<u>395,401</u>
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>395,401</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase fixed assets	<u>(724)</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(724)</u>
CASH FLOW FROM INVESTING ACTIVITIES:	
Interest earnings	<u>542</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>542</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(37,736)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>40,785</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 3,049</u>

(CONTINUED)

HOUSING AUTHORITY OF THE TOWN OF NEWELLTON

ENTERPRISE FUND
Statement of Cash Flows
For the Year Ended June 30, 2005

Statement C

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ (401,634)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	417
Change in assets and liabilities:	
Accounts payables	<u>(31,738)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ (432,955)</u>
	(CONCLUDED)

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

Housing Authority of the Town of Newellton
Notes to the Basic Financial Statements

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**Housing Authority of the Town of Newellton
Notes to the Basic Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The accompanying financial statements of the Housing Authority of the Town of Newellton have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

The Housing Authority participates in a Section 8 housing assistance payment program. The housing choice voucher program provides assistance to low-income persons seeking housing by subsidizing rents between residents and owners of existing private housing. Under this program, the Housing Authority enters into housing assistance payment contracts with landlords. The program provides for a voucher which can be used by the resident to pay rent to any landlord he chooses.

The Housing Authority has the following units:

	<u>Contract Number</u>	<u>Number of Units</u>
Section 8 Housing Choice Vouchers	FW 2236	129

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

The Housing Authority is a related organization of the Town of Newellton since the Town of Newellton appoints a voting majority of the Housing Authority's governing board. The Town of Newellton is not financially accountable for the Housing Authority as it cannot impose its will on the Housing Authority and there is no potential for the Housing Authority to provide financial benefit to, or impose financial burdens on, the Town of Newellton. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of the Town of Newellton.

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

B. FUNDS The accounts of the Housing Authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The fund of the Housing Authority is a proprietary fund that accounts for the Section 8 Housing Choice Voucher Program.

**Housing Authority of the Town of Newellton
Notes to the Basic Financial Statements**

Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING Proprietary funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The Housing Authority has elected, pursuant to GASB Statement No. 20, to apply all GASB pronouncements and only FASB pronouncements issued before November 30, 1989.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Housing Authority's funds are rent and maintenance charges to residents and administration fees earned. Operating expenses for proprietary funds include the administrative costs of providing the service and the housing assistance payments to residents. *All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.*

D. 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.

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

Portable building	7 years
Furniture and equipment	3 years

F. COMPENSATED ABSENCES Employees may accumulate up to six weeks of sick and annual leave which may be received upon termination or retirement.

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

**Housing Authority of the Town of Newellton
Notes to the Basic Financial Statements**

NOTE 2 – DEPOSITS The Housing Authority carried only deposits and did not report any investments at June 30, 2005.

Interest Rate Risk: The Housing Authority's policy does not address interest rate risk.

Credit Rate Risk: The Housing Authority's policy does not address credit rate risk.

Custodial Credit Risk: In the case of deposits, this is the risk that in the event of bank failure, the governments deposits may not be returned to it. As of June 30, 2005 the Housing Authority bank balance of \$ 9,286 was not exposed to custodial credit risk.

NOTE 3 - CAPITAL ASSETS The changes in capital assets for the year are as follows:

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Ending</u>
Enterprise Fund:				
Depreciable assets:				
Portable building	\$10,725	\$ 0	\$0	\$10,725
Furniture and equipment	<u>10,116</u>	<u>724</u>	<u>0</u>	<u>10,840</u>
Total	<u>20,841</u>	<u>724</u>	<u>0</u>	<u>21,565</u>
Less accumulated depreciation:				
Portable building	10,725	0	0	10,725
Furniture and equipment	<u>9,897</u>	<u>417</u>	<u>0</u>	<u>10,314</u>
Total	<u>20,622</u>	<u>417</u>	<u>0</u>	<u>21,039</u>
Capital assets, net	<u>\$ 219</u>	<u>\$307</u>	<u>\$0</u>	<u>\$ 526</u>

The Town of Newellton has allowed the Housing Authority to use the land, in which the office's portable building is located, rent-free.

NOTE 4 - COMPENSATED ABSENCE PAYABLE The following is a summary of the long-term obligation transactions for the year ended June 30, 2005:

Balance at beginning of year	\$ 2,769
Additions	775
Deductions	<u>(775)</u>
Balance at end of year	<u>\$ 2,769</u>
Amount due in one year	\$ 739

There were no changes in compensated absences payable for the current year due to the Housing Authority not maintaining complete leave records.

**Housing Authority of the Town of Newellton
Notes to the Basic Financial Statements**

NOTE 5 - 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 6 - 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) is 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 which was established pursuant to board resolution.

The Housing Authority's total payroll for the fiscal year ended June 30, 2005, was \$28,817. The total payroll for the covered employee was \$19,200. Both the Housing Authority and the covered employee made the required contributions, amounting to \$2,304.

NOTE 7 - RISK MANAGEMENT The Housing Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Housing Authority carries commercial insurance.

NOTE 8 - ECONOMIC DEPENDENCY Statement of Financial Accounting Standard (SFAS) No. 14 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenues. The Department of Housing and Urban Development provided \$395,401 to the Housing Authority, which represents approximately 99.49% of the Housing Authority's total revenue for the year.

NOTE 9 – OFFICE GROUND LEASE The Housing Authority's office is in a portable building located on a parcel of ground provided rent free by the Town of Newellton.

Housing Authority of the Town of Newellton

SUPPLEMENTAL INFORMATION

Housing Authority of the Town of Newellton

**SCHEDULE OF COMPENSATION PAID BOARD MEMBERS
FOR THE YEAR ENDED JUNE 30, 2005**

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

Mr. Edwin Britt, Chairman

Ms. Clara Bass

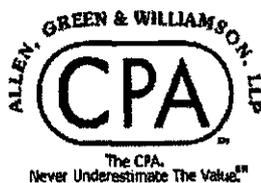
Mr. Billy Mitchell

Mr. Kenneth Morgan

Mr. David Delaney

Housing Authority of the Town of Newellton

**REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**



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1963 - 2000

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

Board Members

Housing Authority of the Town of Newellton
Newellton, Louisiana

We have audited the financial statements of the Housing Authority of the Town of Newellton as of and for the year ended June 30, 2005, and have issued our report thereon dated November 18, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America.

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 an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. 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 caused by error or fraud 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Management Letter Items

We noted certain matters that we reported to management of the Housing Authority in a separate letter dated November 18, 2005.

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. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

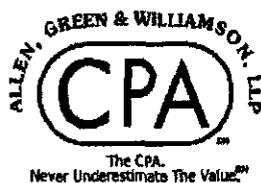
Allen, Green & Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
November 18, 2005

Housing Authority of the Town of Newellton

OTHER INFORMATION



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Management Letter

Board Members

Housing Authority of the Town of Newellton
Newellton, Louisiana

In planning and performing our audit of the financial statements of the Housing Authority of the Town of Newellton as of and for the year ended June 30, 2005, we considered the Housing Authority's internal control to plan our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control.

However, during our audit, we noted certain matters involving internal control that is presented for your consideration. This letter does not affect our report dated November 18, 2005, 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 which have been discussed with appropriate members of management are intended to improve the 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 this matter, or to assist you in implementing the recommendations. Management's response has also been included. We have performed no audit work to verify the content of the responses.

05-M1 Fixed Assets Listing

Comment: There is no official capitalization threshold policy. Also, no items are being tagged.

Recommendations: Although the Housing Authority is now maintaining the fixed asset listing by updating additions and deletions periodically, the Housing Authority should adopt a capitalization policy officially by the Board of Commissioners. Also, items should be tagged and the tag number listed on the fixed asset listing.

Management's response: The Housing Authority will adopt the capitalization policy officially at the next board meeting and tag all fixed assets which it owns.

05-M2 Compensated Absences

Comment: There is no written documentation of approval of leave for one full-time employee by the Board of Commissioners.

Recommendations: Written documentation should be kept for the one full-time employee for all leave taken in which the approval of the Board is evident.

Management's Response: The Housing Authority will begin to require written documentation which shows all leave taken by the one full-time employee has been approved by the Board of Commissioners.

* * * * *

Immediately following this letter is the Status of Prior Management Letter Item. This information has not been audited by Allen, Green & Williamson, LLP, and no opinion is expressed. However, we did follow-up on the 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 & Williamson, LLP, concludes that the Status of Prior Management Letter Item materially misrepresents the status of any prior management letter item.

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

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Allen, Green & Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
November 18, 2005

**Housing Authority of the Town of Newellton
Status of Prior Management Letter Items
June 30, 2005**

04-M1 Fixed Assets Listing

Comment: The fixed assets listing is not maintained on a current basis and there is no capitalization threshold. Also, no items are tagged and there is no scrapping/disposal process. The Housing Authority should set a capitalization threshold and establish procedures to ensure capital items exceeding the threshold are added to the listing and the items are tagged.

Partial corrective action taken: The Housing Authority's fixed asset listing is being maintained by the part-time employee. The policy is to capitalize all assets purchased due to the small size of the agency. The Housing Authority still does not tag items due to all assets being located at the only office owned by the agency. The Housing Authority has the board declare deleted items as surplus and the items are then stored or sold.
See current year management item 05-M1.

04-M2 Compensated Absences

Comment: Leave records for compensated absences should be kept on the one full-time employee and be updated in a timely manner as each absence or leave occurs. The Housing Authority should kept records for all absences, sick and vacation, and update the records in a timely manner so the balance reflects current liability to the Housing Authority. Leave should be approved by the Board for the one full-time employee.

Partial corrective action taken: Records are kept for both sick and annual leave and updated periodically. Leave is not approved by the Board President. See current year management letter item 05-M2.