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

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**Financial Statements and Supplemental Financial Information  
Year Ended December 31, 1997  
with  
Reports of Certified Public Accountants  
on Financial and Compliance Examination**

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

**Release Date JUL 08 1998**

**VanRheenen & Miller, Ltd.  
Certified Public Accountants  
1309 East Race Avenue  
Searcy, Arkansas 72143**

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**FINANCIAL SECTION**

Independent Auditors' Report

Board of Commissioners  
Housing Authority of the Town of Donaldsonville  
1501 St. Patrick Street  
Donaldsonville, LA 70364

We have audited the accompanying general purpose financial statements of Housing Authority of the Town of Donaldsonville as of December 31, 1997, and for the year then ended, as listed in the table of contents. These general purpose financial statements, the schedule of expenditures of federal awards, and the supplemental financial information - statutory basis referred to below are the responsibility of the authority's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statements 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 Housing Authority of the Town of Donaldsonville as of December 31, 1997, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated March 3, 1997 on our consideration of Housing Authority of the Town of Donaldsonville's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements, taken as a whole.

The accompanying financial information listed as supplemental financial information - statutory basis in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Housing Authority of the Town of Donaldsonville. As described in Note 1, the supplemental financial information - statutory basis was prepared in conformity with the accounting practices prescribed by the U.S. Department of Housing and Urban Development, which is a comprehensive basis of accounting other than generally accepted accounting principles. Such supplemental financial information - statutory basis has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in conformity with the comprehensive basis of accounting described in Note 1.

March 3, 1997

  
VanRheenen & Miller, Ltd.  
Certified Public Accountants

**GENERAL PURPOSE FINANCIAL STATEMENTS**

Housing Authority of the City of Donaldsonville  
Donaldsonville, Louisiana

Combined Balance Sheet - All Fund Types and Account Groups  
December 31, 1997

	Governmental Fund Types			Account Groups		Memo Totals 1997	Memo Totals 1996
	Special Revenue	Debt Service	Capital Projects	General Fixed Assets	General Long-term Debt		
<b>ASSETS AND OTHER DEBITS</b>							
<b>Assets:</b>							
Cash	\$ 73,017.97	\$ .00	\$ .00	\$ .00	\$ .00	\$ 73,017.97	\$ 172,514.79
Investments	73,261.54	.00	.00	.00	.00	73,261.54	520.60
<b>Receivables:</b>							
Accounts	130.53	.00	.00	.00	.00	130.53	110.24
Other governments	.00	111,700.43	72,599.22	.00	.00	184,299.65	170,659.25
Other	1,105.51	.00	.00	.00	.00	1,105.51	150.00
Due from other funds	72,599.22	.00	.00	.00	.00	72,599.22	29,079.40
Prepaid items	6,864.18	.00	.00	.00	.00	6,864.18	7,155.16
<b>Restricted assets:</b>							
Cash	.00	119.98	.00	.00	.00	119.98	215.31
Fixed assets	.00	.00	.00	5,916,016.62	.00	5,916,016.62	5,631,950.87
<b>Other debits:</b>							
Amount avail. in debt service fund	.00	.00	.00	.00	111,820.41	111,820.41	141,795.16
Amt. to be provided for retirement of general long term debt	.00	.00	.00	.00	946,332.87	946,332.87	992,572.40
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$ 226,978.95</b>	<b>\$ 111,820.41</b>	<b>\$ 72,599.22</b>	<b>\$ 5,916,016.62</b>	<b>\$ 1,058,153.28</b>	<b>\$ 7,385,568.48</b>	<b>\$ 7,146,723.18</b>
<b>LIABILITIES, EQUITY, AND OTHER CREDITS</b>							
<b>Liabilities:</b>							
<b>Accounts payable:</b>							
Trade	\$ 40,437.21	\$ .00	\$ .00	\$ .00	\$ .00	\$ 40,437.21	\$ 4,617.22
Security deposits	9,775.00	.00	.00	.00	.00	9,775.00	7,860.00
Contract retentions	18,553.98	.00	.00	.00	.00	18,553.98	29,079.00
Due to other funds	.00	.00	72,599.22	.00	.00	72,599.22	29,079.40
Deferred revenue	914.65	.00	.00	.00	.00	914.65	.00
Fixed liabilities	.00	.00	.00	.00	1,058,153.28	1,058,153.28	1,134,367.56
<b>Total liabilities</b>	<b>\$ 69,680.84</b>	<b>\$ .00</b>	<b>\$ 72,599.22</b>	<b>\$ .00</b>	<b>\$ 1,058,153.28</b>	<b>\$ 1,200,433.34</b>	<b>\$ 1,204,983.18</b>
<b>Equity and Other Credits:</b>							
Investment in general fixed assets	\$ .00	\$ .00	\$ .00	\$ 5,916,016.62	\$ .00	\$ 5,916,016.62	\$ 5,631,950.87
<b>Fund balances:</b>							
Reserved for debt service	.00	111,820.41	.00	.00	.00	111,820.41	141,795.16
Reserved for prepaids	6,864.18	.00	.00	.00	.00	6,864.18	7,155.16
Unreserved, undesignated	150,433.93	.00	.00	.00	.00	150,433.93	160,838.81
<b>Total Equity and Other Credits</b>	<b>\$ 157,298.11</b>	<b>\$ 111,820.41</b>	<b>\$ .00</b>	<b>\$ 5,916,016.62</b>	<b>\$ .00</b>	<b>\$ 6,185,135.14</b>	<b>\$ 5,941,740.00</b>
<b>TOT. LIAB., EQUITY AND OTHER CREDITS</b>	<b>\$ 226,978.95</b>	<b>\$ 111,820.41</b>	<b>\$ 72,599.22</b>	<b>\$ 5,916,016.62</b>	<b>\$ 1,058,153.28</b>	<b>\$ 7,385,568.48</b>	<b>\$ 7,146,723.18</b>

The accompanying notes are an integral part of the financial statements.

Housing Authority of the City of Donaldsonville  
Donaldsonville, Louisiana

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances-  
All Governmental Fund Types  
Year Ended December 31, 1997

Governmental Fund Types

	Special Revenue	Debt Service	Capital Projects	Memo Totals 1997	Memo Totals 1996
<b>Revenues:</b>					
Rents	\$ 176,277.72	\$ .00	\$ .00	\$ 176,277.72	\$ 184,395.30
Charges for services	17,135.21	.00	.00	17,135.21	36,706.09
Operational subsidies/grants	104,424.00	111,700.43	282,341.02	498,465.45	445,830.45
Interest	7,556.68	.00	.00	7,556.68	7,039.59
Miscellaneous	4,401.15	.00	.00	4,401.15	3,665.00
<b>Total Revenues</b>	<b>\$ 309,794.76</b>	<b>\$ 111,700.43</b>	<b>\$ 282,341.02</b>	<b>\$ 703,836.21</b>	<b>\$ 677,636.43</b>
<b>Expenditures</b>					
<b>Current:</b>					
Housing operations	\$ 314,508.89	\$ .00	\$ .00	\$ 314,508.89	\$ 287,419.83
Capital outlay	5,981.73	.00	282,341.02	288,322.75	229,642.34
<b>Debt service:</b>					
Principal	.00	76,858.35	.00	76,858.35	72,314.70
Interest	.00	64,816.83	.00	64,816.83	69,208.08
<b>Total Expenditures</b>	<b>\$ 320,490.62</b>	<b>\$ 141,675.18</b>	<b>\$ 282,341.02</b>	<b>\$ 744,506.82</b>	<b>\$ 658,584.95</b>
<b>Excess of Revenues over (under) Expenditures</b>	<b>\$ ( 10,695.86)</b>	<b>\$ ( 29,974.75)</b>	<b>\$ .00</b>	<b>\$ ( 40,670.61)</b>	<b>\$ 19,051.48</b>
<b>Fund Balance, beginning of period</b>	<b>167,993.97</b>	<b>141,795.16</b>	<b>.00</b>	<b>309,789.13</b>	<b>290,737.65</b>
<b>Fund Balance, end of period</b>	<b>\$ 157,298.11</b>	<b>\$ 111,820.41</b>	<b>\$ .00</b>	<b>\$ 269,118.52</b>	<b>\$ 309,789.13</b>

The accompanying notes are an integral part of the financial statements.

Housing Authority of the City of Donaldsonville  
Donaldsonville, Louisiana

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances-  
Budget and Actual - All Governmental Fund Types  
Year Ended December 31, 1997

Special Revenue Funds			
	Budget	Actual	Variance Favorable <Unfavorable>
<b>Revenues:</b>			
Rents	\$ 183,240.00	\$ 176,277.72	\$ ( 6,962.28)
Charges for services	18,000.00	17,135.21	( 864.79)
Operational subsidies/grants	104,424.00	104,424.00	.00
Interest	8,120.00	7,556.68	( 563.32)
Miscellaneous	3,200.00	4,401.15	1,201.15
<b>Total Revenues</b>	<b>\$ 316,984.00</b>	<b>\$ 309,794.76</b>	<b>\$ ( 7,189.24)</b>
<b>Expenditures</b>			
<b>Current:</b>			
Administrative salaries	\$ 40,880.00	\$ 40,852.00	\$ 18.00
Professional fees	9,000.00	8,600.00	400.00
Travel	8,400.00	5,350.84	3,049.16
Sundry administration	10,700.00	12,029.70	( 1,329.70)
Tenant services	4,470.00	4,535.75	( 65.75)
Utilities	64,540.00	44,343.88	20,196.12
Maintenance salaries	56,070.00	56,679.50	( 609.50)
Maintenance materials	19,500.00	19,404.48	95.52
Other maintenance costs	38,110.00	32,531.09	5,578.91
Insurance	38,370.00	34,781.14	3,588.86
PILOT	14,870.00	15,257.80	( 387.80)
Employee benefits	39,990.00	39,727.96	262.04
Collection losses	1,500.00	229.53	1,270.47
Miscellaneous	.00	175.22	( 175.22)
Capital expenditures	6,230.00	5,981.73	248.27
<b>Total Expenditures</b>	<b>\$ 352,630.00</b>	<b>\$ 320,490.62</b>	<b>\$ 32,139.38</b>
<b>Excess of Revenues over &lt;under&gt; Expenditures</b>	<b>\$ ( 35,646.00)</b>	<b>\$ ( 10,695.86)</b>	<b>\$ 24,950.14</b>
<b>Fund Balance, beginning of period</b>		167,993.97	
<b>Fund Balance, end of period</b>		<b>\$ 157,298.11</b>	

The accompanying notes are an integral part of the financial statements.



Housing Authority of the Town of Donaldsonville  
Donaldsonville, Louisiana

Notes to the Financial Statements  
December 31, 1997

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- A. **Organization.** The entity is chartered as a public corporation for the purpose of administering housing programs for low income families.

Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low income housing programs in the United States. Accordingly, HUD has contracted with the entity to administer certain HUD funds.

- B. **Financial reporting.** The financial reporting policies of the entity conform to generally accepted accounting principles.

**Specific accounting policies.** The following is a summary of significant accounting policies:

1. **Financial reporting entity.** The entity is a public corporation, legally separate and fiscally independent. As required by generally accepted accounting principles, these financial statements present the financial position and results of operations of Housing Authority of the Town of Donaldsonville, a primary government. There are no component units to be included herewith, but this report does include all funds, account groups, and programs which are controlled by the entity's governing body.
2. **Fund accounting.** The accounts of the entity are organized on the basis of funds or account groups, each of which is considered to be a separate accounting unit. The operations of each fund are reported as a separate set of self-balancing accounts which are comprised of each fund's assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Resources are allocated to and for individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into one generic fund type (governmental) and the following broad fund categories:

**Governmental Fund Types**

**Special revenue fund** - The special revenue funds are used to account for specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

**Debt service fund** - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term principal, interest, and related costs.

**Capital projects fund** - The capital projects fund is used to account for financial resources to be used for the acquisition, construction, and major renovation of major capital facilities.

Special reporting treatment is also applied in governmental funds when prepaid items are present to indicate that they do not represent "available spendable resources", even though they are a component of net current assets. Such amounts are offset by fund balance reserve accounts.

3. **Fixed assets and long-term liabilities.** The accounting and reporting treatment applied to fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental fund types are accounted for on a spending "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spending resources" during a period.

Housing Authority of the Town of Donaldsonville  
Donaldsonville, Louisiana

Notes to the Financial Statements (Continued)  
December 31, 1997

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group. No depreciation has been provided on such assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

Donated assets are valued at their estimated fair value on the date donated. The entity does not capitalize any "infrastructure" assets (streets, curbs, sidewalks, drainage system, and similar assets that are immovable) which are paid for by the entity. During project development, interest expenditures were capitalized under pre-1987 financing arrangements. Post-1986 capital projects are being financed by grants from HUD. Consequently, there are no interest expenditures to capitalize. Subsequent to financed developments, interest expenditures are not accrued but are recorded when paid.

Long-term liabilities expected to be financed from governmental fund types are accounted for in the General Long-Term Debt Account Group. Expenditures related to such debt are reflected in the Debt Service Fund.

The two above-named account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with the measurement of results of operations.

4. Basis of accounting. All governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. All significant revenue sources are susceptible to accrual.

Expenditures in governmental fund types are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) accumulated unpaid vacation and sick pay which are not accrued, and (2) principal and interest on general long-term debt which is recognized when due.

Vested and earned vacation and sick leave that are not accrued are reported in the general long-term debt account group. No expenditure is reported for those amounts. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

The entity does not utilize encumbrance accounting.

5. Supplemental financial information - statutory basis. The supplemental financial information - statutory basis has been prepared in conformity with the accounting practices prescribed by HUD, which differ from generally accepted accounting principles as follows:

- a. Governmental fund accounting principles are not utilized.
- b. Accounts receivable are stated without an allowance for doubtful accounts. Accounts are written off as collection losses only after the tenant has vacated the unit and the entity has taken reasonable actions to collect.
- c. Annual Contributions and subsidies earned and/or received from HUD are recorded as contributions to surplus and are not included in the Statement of Income and Expenses.
- d. Items of routinely recurring expenses are recognized when paid and are therefore not accrued.
- e. Premiums and/or discounts on bonds are recognized in income or expense in the year bonds are sold.
- f. The cost of accumulated unpaid vacation and sick leave is not accrued.
- g. Financial statement formats vary from GAAP.
- h. The entity does not utilize encumbrance accounting.

Housing Authority of the Town of Donaldsonville  
Donaldsonville, Louisiana

Notes to the Financial Statements (Continued)  
December 31, 1997

- i. Expenditures under HUD's Comprehensive Improvements Assistance Program (CIAP) and similar forerunner programs are fully capitalized, notwithstanding the fact that expenditures are normally a mixture of repairs, replacements and improvements. Consequently, some amounts represented as Fixed Assets may include costs substantially in excess of value.
  - j. During project development, interest expenditures are capitalized under pre-1987 financing agreements. Post-1986 capital projects are being financed by grants from HUD. Consequently, there are no interest expenditures to capitalize. Subsequent to completion of Pre-1987 financed developments, interest expenditures are not accrued but are recognized when paid.
6. Comparative data. Comparative total data for the prior year have been presented in some accompanying financial statements in order to provide an understanding of changes in the entity's financial position and operations. However, comparative data by fund type have not been presented in each of the statements since inclusion of such data would make the statements unduly complex and difficult to read.
7. Total columns on combined statements. Total columns on the combined statements are captioned Memo Totals to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity 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.
- C. Budget. The entity follows these procedures in establishing the budgetary data reflected in the financial statements:
1. The entity prepares annual budgets for each fund (except Debt Service Fund and the Capital Projects Fund). Prior to the beginning of each budget year, the entity's annual budget is approved by the entity's governing body. Budgetary amendments require approval by the governing body. Budget amounts shown in the financial statements are the final authorized amounts for the year. All budgetary appropriations lapse at the end of each fiscal year.
  2. Budgets for the Capital Projects Fund are prepared on a project-life basis rather than on an annual basis and, therefore, have been omitted from the accompanying financial statements.
  3. Budgets for the Debt Service Fund are not prepared inasmuch as all revenues and expenditures of this fund are controlled by and processed by HUD. The entity records Debt Service Fund transactions from documents supplied by HUD.
- D. Income taxes. The entity is not subject to federal or state income taxes.
- E. Cash and cash equivalents. The entity defines cash to include certificates of deposit, money market funds, savings accounts, and demand deposits, and other short-term securities with maturities of three months or less. Consequently, the cost, carrying value, and market value are equivalent.
- F. Investments. The entity defines investments to include certificates of deposit with maturities of greater than three months, consequently, the cost, carrying value, and market value are equivalent.

Housing Authority of the Town of Donaldsonville  
Donaldsonville, Louisiana

Notes to the Financial Statements (Continued)  
December 31, 1997

**NOTE 2 - CASH DEPOSITS WITH FINANCIAL INSTITUTIONS**

It is the entity's policy for deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The entity's deposits are categorized to give an indication of the level of risk assumed by the entity at December 31, 1997. The categories are described as follows:

- Category 1 - Insured or collateralized with securities held by the entity or by its agent in the entity's name.
- Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
- Category 3 - Uncollateralized.

Cash Deposits, categorized by level of risk, are:

Total Bank Balances	Category		
	1	2	3
\$ 155,766.09	\$ 155,766.09	\$ .00	\$ .00

**NOTE 3 - RESTRICTED CASH**

Restricted cash consists of the following:

	Owned Housing Program
Debt Service Fund	\$ 119.98

**NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES**

The following schedule as of December 31, 1997 represents interfund receivables and payables:

Fund Type	Interfund Receivables	Interfund Payables
Special Revenue:		
Owned Housing	\$ 72,599.20	\$ .00
Capital Projects	.00	72,599.20
Total	\$ 72,599.20	\$ 72,599.20

**NOTE 5 - FIXED ASSETS**

Changes in fixed assets are as follows:

	Beg. of Period	Additions	Deletions	End of Period
Land, land impvts.	\$ 601,992.65	\$ .00	\$ .00	\$ 601,992.65
Building	4,464,384.29	.00	.00	4,464,384.29
Equipment	235,238.33	5,981.73	(4,257.00)	236,963.06
Const. in progress	330,335.60	282,341.02	.00	612,676.62
Total	\$ 5,631,950.87	\$ 288,322.75	\$ (4,257.00)	\$ 5,916,016.62

Housing Authority of the Town of Donaldsonville  
Donaldsonville, Louisiana

Notes to the Financial Statements (Continued)  
December 31, 1997

Construction in progress is composed of expenditures related to major renovation of certain buildings owned by the entity, said renovation having a planned total cost of \$ 980,000.00 to be fully financed by grants from HUD.

All land and buildings are encumbered by a Declaration of Trust in favor of the United States of America as security for obligations guaranteed by the federal government and to protect other interests of the federal government.

**NOTE 6 - FIXED LIABILITIES**

Fixed liabilities consist of the following:

	Interest Rate	Principal Balance
Payroll related costs		\$ 11,907.45
Bonds payable, August 1, 1970 series	5.75%	1,046,245.83
Total		\$ 1,058,153.28

HUD notes payable are held and guaranteed by HUD. Under provisions of the federal Debt Forgiveness Act of 1985, these notes and accrued interest on these notes are to be forgiven by HUD. Timing of this action is uncertain.

The bonds mature in series annually in varying amounts with the final maturity date in 2011. All required debt service to maturity on the bonds, including principal and interest, is payable by HUD under a debt service contract with the entity.

Changes in fixed liabilities are as follows:

	FFB Notes	Bonds	Payroll Related Costs
Balance, beginning of period	\$ 28,029.40	\$ 1,095,074.78	\$ 11,263.38
Principal retirement	(28,029.40)	(48,828.95)	.00
Net Change	.00	.00	644.07
Balance, end of period	\$ .00	\$ 1,046,245.83	\$ 11,907.45

Scheduled retirements of fixed liabilities are as follows:

	Bonds	Interest	Total
Within first year	\$ 51,628.06	\$ 60,159.14	\$ 111,787.20
Within second year	54,427.18	57,190.53	111,617.71
Within third year	57,537.30	54,060.97	111,598.27
Within fourth year	60,958.44	50,752.57	111,711.01
Within fifth year	64,379.57	47,247.46	111,627.03
Thereafter	757,315.28	230,085.49	987,400.77

**NOTE 7 - RETIREMENT PLAN**

The entity 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 after a six month exclusionary period. The employee contributes 6% and the entity contributes 8% of the employee's base salary each month. The entity's contributions for each employee (and interest allocated to the employee's account) are vested 20% annually for each year of participation. An employee is fully vested after five years of participation.

Housing Authority of the Town of Donaldsonville  
Donaldsonville, Louisiana

Notes to the Financial Statements (Continued)  
December 31, 1997

The entity's total payroll in fiscal year ended December 31, 1997 was \$113,955.00. The entity's contributions were calculated using the base salary amount of \$103,000.00. Contributions to the plan were \$6,181.00 and \$8,228.00 by the employee and the entity, respectively.

**NOTE 8 - CONTINGENCIES**

The entity is subject to possible examinations made by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the entity in the current and prior years. These examinations may result in required refunds by the entity to federal grantors and/or program beneficiaries.

**SUPPLEMENTAL FINANCIAL INFORMATION - STATUTORY BASIS**

Housing Authority of the City of Donaldsonville  
Donaldsonville, Louisiana

Balance Sheet - Statutory Basis  
December 31, 1997

Annual Contributions Contract FW-1263

Assets

Cash	\$ 73,017.97
Accounts receivable-tenants	130.53
Accounts receivable-other	1,105.51
Prepaid insurance	6,864.18
Investments	73,261.54
Debt amortization funds	111,820.41
Fixed assets	5,916,016.62
	<hr/>
Total Assets	\$ 6,182,216.76
	<hr/> <hr/>

Liabilities and Surplus

Tenants' security deposits	\$ 9,775.00
Contract retentions	18,553.98
Accounts payable-other	39,826.83
Accrued and withheld payroll taxes	610.38
Tenants' prepaid rents	914.65
Fixed liabilities	1,046,245.83
	<hr/>
Total liabilities	\$ 1,115,926.67
Surplus	5,066,290.09
	<hr/>
Total Liabilities and Surplus	\$ 6,182,216.76
	<hr/> <hr/>



Housing Authority of the City of Donaldsonville  
Donaldsonville, Louisiana

Statement of Income and Expenses - Statutory Basis  
Owned Housing Program  
Year Ended December 31, 1997

Annual Contributions Contract FW-1263

Operating income	
Dwelling rental	\$ 176,277.72
Excess utilities	17,135.21
Interest on general fund investments	7,556.68
Other income	4,401.15
Total operating income	<u>\$ 205,370.76</u>
Operating Expenses	
Administration	\$ 66,842.54
Tenant services	4,535.75
Utilities	44,343.88
Ordinary maintenance and operation	78,117.98
General expense	90,171.65
Nonroutine maintenance	30,497.09
Total operating expenses	<u>\$ 314,508.89</u>
Net operating income (loss) before other items	<u>\$ ( 109,138.13)</u>
Other charges (credits)	
Interest expense	\$ 64,816.83
Prior year adjustments affecting RR	89.68
Loss from disposition of equipment	4,257.00
Total other charges (credits)	<u>\$ 69,163.51</u>
Net Income (Loss)	<u><u>\$ ( 178,301.64)</u></u>

Housing Authority of the City of Donaldsonville  
Donaldsonville, Louisiana

Analysis of Surplus - Statutory Basis  
Year Ended December 31, 1997

Annual Contributions Contract FW-1263

<b>Unreserved surplus</b>	
Balance per 12-31-96 audit	\$ (3,625,973.08)
Prior audit AJEs subsequently booked	89.68
Net income (loss) FYE 12-31-97	( 178,301.64)
OR provision FYE 12-31-97	5,451.40
<b>Balance at 12-31-97</b>	<b>\$ (3,798,733.64)</b>
<b>Reserved surplus</b>	
Balance per 12-31-96 audit	\$ 168,083.65
OR provision FYE 12-31-97	( 5,451.40)
<b>Balance at 12-31-97</b>	<b>\$ 162,632.25</b>
<b>Cumulative contributions from HUD</b>	
Balance per 12-31-96 audit	\$ 7,545,600.65
Contribution FYE 12-31-97	111,700.43
Operating subsidy FYE 12-31-97	104,424.00
<b>Balance at 12-31-97</b>	<b>\$ 7,761,725.08</b>
<b>Grants from HUD</b>	
Balance per 12-31-96 audit	\$ 701,845.20
Grants FYE 12-31-97	238,821.20
<b>Balance at 12-31-97</b>	<b>\$ 940,666.40</b>
<b>Total Surplus</b>	<b>\$ 5,066,290.09</b>

Housing Authority of the City of Donaldsonville  
Donaldsonville, Louisiana

Computation of Residual Receipts and Accruing Annual Contributions  
Owned Housing Program  
Year Ended December 31, 1997

Annual Contributions Contract FW-1263

Computation of Residual Receipts

Operating receipts	
Operating income	\$ 205,370.76
HUD operating subsidy	104,424.00
Total operating receipts	\$ 309,794.76
Operating expenditures	
Operating expenses	\$ 314,508.89
Prior year adjustments affecting residual receipts	89.68
Capital expenditures	5,981.73
Total operating expenditures	\$ 320,580.30
RR before provision for reserve, per audit	\$ ( 10,785.54)
Audit adjustments (backed out)	5,334.14
RR before provision for reserve, per PHA	\$ ( 5,451.40)
Provision for operating reserve	5,451.40
Residual receipts per PHA	\$ .00

Computation of Accruing Annual Contribution

Fixed annual contribution	\$ 112,737.65
Less interest savings	1,037.22
Total annual contribution accrued	\$ 111,700.43
Less amount available for reduction of annual contribution - RR, above	.00
Accruing annual contribution	\$ 111,700.43

\*Subject to adjustment by HUD.

Housing Authority of the City of Donaldsonville  
Donaldsonville, Louisiana

Schedule of Modernization Costs - Uncompleted  
December 31, 1997

Annual Contributions Contract FW-1263

1. Funds approved	\$ 980,000.00
Funds expended	612,676.62
Excess of funds approved	<u>\$ 367,323.38</u>
2. Funds advanced	\$ 540,077.40
Funds expended	612,676.62
Excess (deficiency) of funds advanced	<u>\$ ( 72,599.22)</u>

Housing Authority of the City of Donaldsonville  
Donaldsonville, Louisiana

Analysis of General Fund Cash Balance  
December 31, 1997

Annual Contributions Contract FW-1263

Assets and Other Items

Cash	\$ 73,017.97
Adjustment for CIAP funding	72,599.22
Accounts receivable-tenants	130.53
Accounts receivable-other	1,105.51
Prepaid insurance	6,864.18
Investments	73,261.54
Total	<u>\$ 226,978.95</u>

Liabilities, Reserves, and Other Items

Tenants' security deposits	\$ 9,775.00
Contract retentions	18,553.98
Accounts payable-other	39,826.83
Accrued and withheld payroll taxes	610.38
Tenants' prepaid rents	914.65
Operating reserve per PHA	162,632.25
Adjustments affecting OR (backed out)	( 5,334.14)
Total	<u>\$ 226,978.95</u>

Housing Authority of the Town of Donaldsonville  
Donaldsonville, Louisiana

Owned Housing Program

Adjusting Journal Entries  
December 31, 1997

Annual Contributions Contract FW-1263

	Acct. # for audit report	Acct. # for posting by PHA	Debit	Credit
(1) Operating Reserve	2820	2820	\$ 89.68	
Unreserved Surplus To include account #6010 in the provision for operating reserve.	2810	2810		\$ 89.68
(2) Cumulative HUD Annual Contr.	2840	2840	208,302.94	
Cumulative HUD Grants To reclass close-out of CIAP advances for 96 CIAP from account # 2840 to account #2845.	2845	2845		208,302.94
(3) Cumulative HUD Annual Contr.	2840	2840	29,879.42	
HUD Cum. Annual Contr. Rec. To remove portion of annual contribution related to the FFB notes. These notes were paid off in 1997 and as a result, no annual contribution is due for these notes.	1176	1176		29,879.42
(4) Dwelling equipment	146510	146510		4,257.00
Loss on Disposition of Equip. To write-off eight refrigerators (\$2,780.00) and seven ranges (\$1,477.00) that were approved at the December 1997 board meeting.	6120	6020	4,257.00	
(5) CIAP - 96	1413M	DO NOT	18,553.98	
Contract Retentions To record contract retentions at December 31, 1997.	2114	BOOK		18,553.98
(6) CIAP - 94	1412M	DO NOT	16,393.26	
CIAP - 96 To reclass CIAP Expenditures.	1413M	BOOK		16,393.26

Housing Authority of the Town of Donaldsonville  
Donaldsonville, Louisiana

Owned Housing Program

Adjusting Journal Entries (Continued)  
December 31, 1997

Annual Contributions Contract FW-1263

	<u>Acct. # for audit report</u>	<u>Acct. # for posting by PHA</u>	<u>Debit</u>	<u>Credit</u>
(7)				
CIAP - 96	1413M	DO	\$ 31,162.68	
Electricity	4330		431.28	
Admin. Sundry	4190		945.58	
Maint. Materials	4220	NOT	879.61	
Sewer	4311		331.11	
Water	4310		2,746.56	
Accounts Payable	2119	BOOK		\$ 36,496.82
To accrue accounts payable at December 31, 1997.				

**SUPPLEMENTAL FINANCIAL INFORMATION - FEDERAL AWARDS**



Housing Authority of the City of Donaldsonville  
 Donaldsonville, Louisiana

Schedule of Expenditures of Federal Awards  
 Year Ended December 31, 1997

Federal Grantor/ Program Title	Grant ID Number	Federal CFDA Number	Current Year Program or Award Amount	Balance Beginning of Year - Cash/ Receivable/ (Payable)	Grant Receipts or Revenue Recognized	Grant Disbursements/ Expenditures	Balance End of Year Cash/Receivable (Payable)
U.S. Department of Housing & Urban Development							
Direct Programs:							
Low-Income Housing	FW-1263	14.850	\$ 104,424.00	.00	\$ 104,424.00	\$ 104,424.00	\$ .00
CIAP	FW-1263	14.852	290,000.00	29,079.40	238,821.20	282,341.02	72,599.22
Total HUD and Grand Total			\$ 394,424.00	\$ 29,079.40	\$ 343,245.20	\$ 386,765.02	\$ 72,599.22

The above schedule is prepared using the basis of accounting described in note 1 to the financial statements.

See Notes to Financial Statements.

**NON-FINANCIAL SECTION**

**Report on Compliance and on Internal Control Over Financial Reporting 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 Donaldsonville  
1501 St. Patrick Street  
Donaldsonville, LA 70364

We have audited the general purpose financial statements of Housing Authority of the Town of Donaldsonville as of and for the year ended December 31, 1997, and have issued our report thereon dated March 3, 1997. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether Housing Authority of the Town of Donaldsonville's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Housing Authority of the Town of Donaldsonville's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance 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 over financial reporting 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 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.

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

March 3, 1997

  
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VanRheenen & Miller, Ltd.  
Certified Public Accountants

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

Board of Commissioners  
Housing Authority of the Town of Donaldsonville  
1501 St. Patrick Street  
Donaldsonville, LA 70364

**Compliance**

We have audited the compliance of Housing Authority of the Town of Donaldsonville with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 1997. Housing Authority of the Town of Donaldsonville's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the authority's management. Our responsibility is to express an opinion on Housing Authority of the Town of Donaldsonville's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Housing Authority of the Town of Donaldsonville's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Housing Authority of the Town of Donaldsonville's compliance with those requirements.

In our opinion, Housing Authority of the Town of Donaldsonville complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 1997.

**Internal Control Over Compliance**

The management of Housing Authority of the Town of Donaldsonville is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Housing Authority of the Town of Donaldsonville's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

VanRheenen & Miller, Ltd.  
VanRheenen & Miller, Ltd.  
Certified Public Accountants

March 3, 1997

Housing Authority of the Town of Donaldsonville  
Schedule of Findings and Questioned Costs  
Year Ended December 31, 1997

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of Housing Authority of the Town of Donaldsonville.
2. No reportable conditions relating to the audit of the general purpose financial statements are reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of General Purpose Financial Statements Performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the general purpose financial statements of Housing Authority of the Town of Donaldsonville were disclosed during this audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for the Housing Authority of the Town of Donaldsonville expresses an unqualified opinion.
6. There are no audit findings relative to the major federal award programs for Housing Authority of the Town of Donaldsonville reported in Part C. of this Schedule.
7. Public and Indian Housing Comprehensive Improvement Assistance Program, CFDA #14.852, was tested as a major program.
8. The threshold for distinguishing Types A and B programs was \$300,000.00.
9. Housing Authority of the Town of Donaldsonville was not determined to be a low-risk auditee.

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

There are no reportable conditions related to the financial statements audit.

**C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAMS AUDIT**

There are no findings or questioned cost related to major federal award programs.

**Housing Authority of the Town of Donaldsonville  
Summary Schedule of Prior Audit Findings  
Year Ended December 31, 1997**

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

Public and Indian Housing, CFDA #14.850

**1996 - FINDING NO.1**

**TENANT FILES**

**Condition:** This finding was a reportable condition stating a deficiency in the documentation of tenant signed applications for each year of occupancy.

**Recommendation:** The auditor recommended a thorough review of tenants' files should be made for the purpose of eliminating the deficiencies.

**Current Status:** No similar findings were noted in the 1997 audit.

**1996 - FINDING NO. 2**

**PHMAP ASSESSMENT FACTORS**

**Condition:** This finding was a reportable condition stating a deficiency in the documentation to support Indicator 7 (Work Order Tracking System).

**Recommendation:** Review HUD's requirements and comply with its guidelines.

**Current Status:** Corrective action was taken.