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**Housing Authority of the Town of Breaux Bridge
Breaux Bridge, Louisiana**

Financial Statements and Supplemental Financial Information
Year Ended September 30, 1998
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.

Receipt Acknowledged
Legislative Auditor

By *Jo Stewart*

Release Date MAR 3 1 1999

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

2-18-99

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FINANCIAL SECTION

Independent Auditors' Report

Board of Commissioners
Housing Authority of the Town of Breaux Bridge
720 Genny Drive
Breaux Bridge, LA 70517

We have audited the accompanying financial statements of Housing Authority of the Town of Breaux Bridge as of and for the year ended September 30, 1998, as listed in the table of contents. These financial statements and the supplemental financial information referred to below are the responsibility of the 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 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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.

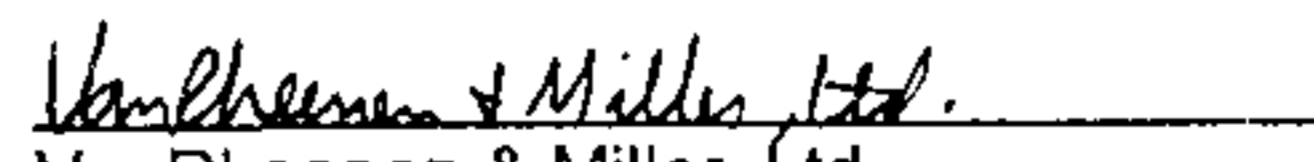
As discussed in Note 1, Housing Authority of the Town of Breaux Bridge prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with regulations of the U.S. Department of Housing and Urban Development, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Housing Authority of the Town of Breaux Bridge as of September 30, 1998, and the results of its operations for the year then ended on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated February 18, 1999 on our consideration of Housing Authority of the Town of Breaux Bridge's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

The accompanying financial information listed as supplemental financial information 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 Breaux Bridge. Such supplemental financial information has been subjected to the auditing procedures applied in the audit of the 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.

February 18, 1999


VanRheenen & Miller, Ltd.
Certified Public Accountants

GENERAL PURPOSE FINANCIAL STATEMENTS

**Housing Authority of the Town of Breaux Bridge
Breux Bridge, Louisiana**
**Combined Balance Sheet - All Fund Types and Account Groups
September 30, 1998**

	Governmental Fund Types			Account Groups		Memo Totals 1998	Memo Totals 1997
	Special Revenue	Debt Service	Capital Projects	General Fixed Assets	General Long-term Debt		
Assets and Other Debits							
Assets:							
Cash	\$ 52,450.78	\$ -	\$ -	\$ -	\$ -	\$ 52,450.78	\$ 41,075.10
Investments	45,000.00	-	-	-	-	45,000.00	45,000.00
Receivables:							
Accounts	1,379.38	-	-	-	-	1,379.38	2,149.36
Other governments	-	65,734.32	6,222.08	-	-	71,956.40	88,067.22
Due from other funds	6,222.08	-	-	-	-	6,222.08	22,332.90
Prepaid items	11,148.31	-	-	-	-	11,148.31	11,710.73
Restricted assets:							
Cash	-	1,162.34	-	-	-	1,162.34	685.74
Fixed assets	-	-	-	4,369,874.77	-	4,369,874.77	4,314,589.65
Other debits:							
Amount available in debt service fund	-	-	-	-	66,896.66	66,896.66	66,420.06
Amount to be provided for retirement of general long term debt	-	-	-	-	616,152.56	616,152.56	646,425.88
Total Assets and Other Debits	\$ 116,200.55	\$ 66,896.66	\$ 6,222.08	\$ 4,369,874.77	\$ 683,049.22	\$ 5,242,243.28	\$ 5,238,456.64
Liabilities, Equity, and Other Credits							
Liabilities:							
Accounts payable:							
Trade	\$ 5,862.46	\$ -	\$ -	\$ -	\$ -	\$ 5,862.46	\$ 5,157.18
Payroll taxes withheld and accrued	555.00	-	-	-	-	555.00	-
Security deposits	10,010.00	-	-	-	-	10,010.00	8,530.00
Contract retentions	-	-	-	-	-	-	19,207.70
Due to other funds	-	-	6,222.08	-	-	6,222.08	22,332.90
Deferred revenue	595.10	-	-	-	-	595.10	444.19
Fixed liabilities	-	-	-	-	683,049.22	683,049.22	712,845.94
Total liabilities	17,022.56	-	6,222.08	-	683,049.22	706,293.86	768,517.91
Equity and Other Credits:							
Investment in general fixed assets	-	-	-	4,369,874.77	-	4,369,874.77	4,314,589.65
Fund balances:							
Reserved for debt service	-	66,896.66	-	-	-	66,896.66	66,420.06
Reserved for prepaids	11,148.31	-	-	-	-	11,148.31	11,710.73
Unreserved, undesignated	88,029.68	-	-	-	-	88,029.68	77,218.29
Total Equity and Other Credits	99,177.99	66,896.66	-	4,369,874.77	-	4,535,949.42	4,469,938.73
Total Liabilities, Equity and Other Credits	\$ 116,200.55	\$ 66,896.66	\$ 6,222.08	\$ 4,369,874.77	\$ 683,049.22	\$ 5,242,243.28	\$ 5,238,456.64

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

**Housing Authority of the Town of Breaux Bridge
Breux Bridge, Louisiana**

**Combined Statement of Revenues, Expenditures, and Changes In Fund Balances -
All Governmental Fund Types
Year Ended September 30, 1998**

	Governmental Fund Types			Memo Totals 1998	Memo Totals 1997
	Special Revenue	Debt Service	Capital Projects		
Revenues:					
Rents	\$ 148,737.40	\$ -	\$ -	\$ 148,737.40	\$ 141,055.50
Charges for services	18,776.75	-	-	18,776.75	13,810.10
Operational subsidies/grants	51,065.00	65,734.32	57,080.87	173,880.19	428,341.27
Interest	2,519.20	-	-	2,519.20	427.27
Miscellaneous	-	-	-	-	17,400.00
Total Revenues	221,098.35	65,734.32	57,080.87	343,913.54	601,034.14
Expenditures					
Current:					
Housing operations	210,849.38	-	-	210,849.38	217,008.88
Capital outlay	-	-	57,080.87	57,080.87	261,259.95
Debt service					
Principal	-	29,382.72	-	29,382.72	29,382.72
Interest	-	35,875.00	-	35,875.00	37,380.86
Total Expenditures	210,849.38	65,257.72	57,080.87	333,187.97	545,032.41
Other Financing Sources (Uses)					
Operating transfers in	-	-	-	-	37,500.00
Operating transfers out	-	-	-	-	(37,500.00)
Total Other Financing Sources (Uses)	-	-	-	-	-
Excess of Revenues and Sources over (under) Expenditures and Uses	10,248.97	476.60	-	10,725.57	56,001.73
Fund balances, beginning of period	88,929.02	66,420.06	-	155,349.08	99,347.35
Fund Balance, end of period	\$ 99,177.99	\$ 66,896.66	\$ -	\$ 166,074.65	\$ 155,349.08

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

**Housing Authority of the Town of Breaux Bridge
Breux Bridge, Louisiana**

**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - All Governmental Fund Types
Year Ended September 30, 1998**

	<i>Special Revenue Funds</i>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Rents	\$ 145,990.00	\$ 148,737.40	\$ 2,747.40
Charges for services	32,950.00	18,776.75	(14,173.25)
Operational subsidies/grants	51,065.00	51,065.00	-
Interest	<u>2,070.00</u>	<u>2,519.20</u>	<u>449.20</u>
Total Revenues	<u>232,075.00</u>	<u>221,098.35</u>	<u>(10,976.65)</u>
Expenditures			
Current:			
Administrative salaries	35,700.00	35,700.00	-
Professional fees	5,100.00	6,131.60	(1,031.60)
Travel	1,500.00	897.45	602.55
Sundry administration	6,420.00	7,577.99	(1,157.99)
Utilities	45,720.00	39,010.55	6,709.45
Maintenance salaries	34,820.00	34,752.76	67.24
Maintenance materials	10,000.00	10,739.58	(739.58)
Other maintenance costs	19,060.00	22,277.29	(3,217.29)
Insurance	28,870.00	27,068.37	1,801.63
PILOT	11,490.00	-	11,490.00
Employee benefits	32,980.00	25,016.52	7,963.48
Collection losses	-	1,549.45	(1,549.45)
Miscellaneous	<u>-</u>	<u>127.82</u>	<u>(127.82)</u>
Total Expenditures	<u>231,660.00</u>	<u>210,849.38</u>	<u>20,810.62</u>
Excess of Revenues and Sources over (under) Expenditures and Uses	<u>\$ 415.00</u>	10,248.97	<u>\$ 9,833.97</u>
Fund balances, beginning of period		<u>88,929.02</u>	
Fund Balance, end of period		<u>\$ 99,177.99</u>	

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

Housing Authority of the Town of Breaux Bridge
Breux Bridge, Louisiana

Notes to the Financial Statements
September 30, 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction.

The financial statements of the entity have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. 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.

The following is a summary of significant accounting policies:

A. Reporting Entity.

The entity is a public corporation, legally separate, fiscally independent and governed by Board of Commissioners. 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 Breaux Bridge, 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.

B. Basis of Presentation.

1. Funds and Account Groups. 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 accounts are grouped, in the financial statements in this report, into the following 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.

Account Groups

The account groups are used to account for fixed assets and long-term liabilities which are not reported in the respective governmental funds.

2. 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.

Housing Authority of the Town of Breaux Bridge
Breaux Bridge, Louisiana

Notes to the Financial Statements (Continued)
September 30, 1998

3. 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.
4. Land, Structures, and Equipment. Land, structures and equipment 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 capitalize any "infrastructure" assets (streets, curbs, sidewalks, drainage system, and similar assets that are immovable) which are paid for by the entity.
5. Capitalized Interest. 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.
6. Long-term Liabilities. 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.
7. Fund Balance Reservations. 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.

C. Basis of Accounting.

1. Modified Accrual Basis of Accounting. All governmental fund types are accounted for using the modified accrual basis of accounting. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. 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 reported as expenditures in the year due.

The entity does not utilize encumbrance accounting.

2. 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.

Housing Authority of the Town of Breaux Bridge
Breaux Bridge, Louisiana

Notes to the Financial Statements (Continued)
September 30, 1998

- 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.
- 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. Program funds that are used for the operation of the entity are recorded on a project-life basis. Upon fulfillment of the grant agreement, funds used for operating are closed into surplus.
- 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.

D. Budgetary Data.

- 1. Budget Policy and Practice. The entity follows these procedures in establishing the budgetary data reflected in the financial statements:
 - a. 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.
 - b. 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.
 - c. 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.
- 2. Encumbrances. Encumbrance accounting is not utilized by the entity.
- 3. Budget Basis of Accounting. The budgets are prepared on the statutory basis of accounting as prescribed by HUD.

E. Assets, Liabilities and Fund Equity.

- 1. Cash and Cash Equivalents. The entity defines cash to include certificates of deposit, money market funds, savings accounts, demand deposits, and other short-term securities with maturities of three months or less. Consequently, the cost, carrying value, and market value are equivalent.
- 2. 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.

F. Revenue, Expenditures and Expenses.

- 1. Compensated Absences. 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.
- 2. Income Taxes. The entity is not subject to federal or state income taxes.

Housing Authority of the Town of Breaux Bridge
Breaux Bridge, Louisiana

Notes to the Financial Statements (Continued)
September 30, 1998

NOTE 2 - DEPOSITS AND INVESTMENTS

A. Deposits

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 (FDIC) insurance. The entity's deposits are categorized to give an indication of the level of risk assumed by the entity at September 30, 1998. 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. (This includes bank balances that are collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the entity's name.)

Cash Deposits, categorized by level of risk, are:

	Category		
Total Bank Balances	1	2	3
\$ 107,038.17	\$ 107,038.17	\$.00	\$.00

B. Investments

Investing is performed in accordance with HUD regulations and State Statues. Funds may be invested in the following type of investments:

1. Direct obligations of the United States pledged by its full faith and credit
2. Obligations of Federal government agencies and government sponsored agencies
3. Demand, savings, money-market, certificates of deposit, and Super NOW deposits at commercial banks, mutual savings banks, savings and loan associations and credit unions provided that the entire deposit be insured by the FDIC or the National Credit Union Share Insurance Fund (NCUSIF) and any deposits in excess of insured amounts are adequately collateralized.
4. Certain municipal depository funds and local government investment pools provided that all investments made by these funds or pools are on the HUD-approved list of investment securities. The entity must limit its investments in this category to no more than 30 percent of the entity's available investment funds.
5. Repurchase agreements for a term of 30 days or less entered into with Federally insured depository institutions for purchase and sale of securities identified in 1 and 2 above.
6. Certain no-load, open-end mutual funds investing in only HUD-approved investment securities. The entity must limit its investment in this category to no more than 20 percent of the entity's available investment funds.

The entity's investments are categorized to give an indication of the level of risk assumed by the entity at September 30, 1998. The categories are:

- Category 1 - Insured or registered, with securities held by the entity or its agent in the entity's name
- Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the entity's name
- Category 3 - Uninsured and Unregistered, with securities held by the counterparty, or its trust department or agent but not in the entity's name

Housing Authority of the Town of Breaux Bridge
Breux Bridge, Louisiana

Notes to the Financial Statements (Continued)
September 30, 1998

Investments, categorized by level of risk, are:

Types of Investments	Category			Fair Value/ Carrying Value	Cost
	1	2	3		
Deposits at federally insured depositories	\$ 45,000.00	\$.00	\$.00	\$ 45,000.00	\$ 45,000.00

NOTE 3 - RESTRICTED CASH

Restricted cash consists of the following:

	Owned Housing Program
Debt Service Fund	\$ 1,162.34

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

The following schedule as of September 30, 1998 represents interfund receivables and payables:

Fund Type	Interfund Receivables	Interfund Payables
Special Revenue:		
Owned Housing	\$ 6,222.08	\$.00
Capital Projects	.00	6,222.08
Total	\$ 6,222.08	\$ 6,222.08

NOTE 5 - FIXED ASSETS

Changes in fixed assets are as follows:

	Beg. of Period	Additions/ Reclassifications	Deletions	End of Period
Land, land impvts.	\$ 607,684.40	\$ (47,007.00)	\$.00	\$ 560,677.40
Building	3,019,572.62	335,987.00	.00	3,355,559.62
Equipment	120,673.70	33,520.00	(1,795.75)	152,397.95
Const. in progress	566,658.93	57,080.87	(322,500.00)	301,239.80
Total	\$ 4,314,589.65	\$ 379,580.87	\$ (324,295.75)	\$ 4,369,874.77

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 \$337,500.00 to be fully financed by grants from HUD. In connection with the planned renovation, HUD has authorized the entity to utilize \$37,500.00 of the grant funds for operating expenditures.

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		\$ 12,432.00
Bonds payable, August 1, 1972 series	5.125%	670,617.22
Total		\$ 683,049.22

Housing Authority of the Town of Breaux Bridge
Breux Bridge, Louisiana

Notes to the Financial Statements (Continued)
September 30, 1998

The bonds mature in series annually in varying amounts with the final maturity date in 2013. 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:

	Bonds	Payroll Related Costs
Bal., beg. of period	\$ 699,999.94	\$ 12,846.00
Principal retirement	(29,382.72)	.00
Net Change	.00	(414.00)
Bal., end of period	\$ 670,617.22	\$ 12,432.00

Scheduled retirements of fixed liabilities are as follows:

	Bonds	Interest	Total
Within first year	\$ 31,111.12	\$ 34,369.13	\$ 65,480.25
Within second year	32,839.50	32,774.69	65,614.19
Within third year	34,567.91	31,091.66	65,659.57
Within fourth year	38,024.69	29,320.06	67,344.75
Within fifth year	38,024.70	27,371.29	65,395.99
Thereafter	496,049.30	147,663.24	643,712.54

NOTE 7 - RETIREMENT PLAN

The entity provides pension benefits for all of its full-time employees through the Louisiana Housing Council Pension Plan (the "Plan"). The Plan is a single-employer defined contribution plan and is administered by the Administrative Committee of the Plan. The Plan was established July 1, 1974 and is authorized and may be amended by the entity's Board of Commissioners.

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 up to 6% and the entity contributes up to 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 5 years of participation.

The entity's total payroll in fiscal year ended September 30, 1998 was \$86,132.76. The entity's contributions were calculated using the base salary amount of \$53,376.00. Contributions to the plan were \$3,202.56 and \$7,312.56 by the employee and the entity, respectively.

NOTE 8 - COMMITMENTS

Commitments arise primarily from construction in progress. Commitments at September 30, 1998 are composed of the following:

	Project Authorization	Expended to September 30, 1998	Commitment
CIAP 908-96	\$ 375,000.00	\$ 338,739.80	\$ 36,260.20

All project funds are provided by grant from HUD, therefore no additional funding is required to satisfy outstanding commitments at September 30, 1998.

Housing Authority of the Town of Breaux Bridge
Breux Bridge, Louisiana

Notes to the Financial Statements (Continued)
September 30, 1998

NOTE 9 - YEAR 2000 (Y2K)

It appears that the entity has addressed the potential impact of the Year 2000 (Y2K) on the processing of date-dependent information by the computerized information systems being utilized by the entity. The entity is in the implementation stage of compliance. All application software, operating systems, and computer hardware appear to be Y2K compliant. The Y2K Issue is the result of computer programs being written using two digits (rather than four) to define a year. This could result in miscalculations or system failures. The costs to achieve compliance is not expected to have a material impact on the entity's financial operations.

NOTE 10 - 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 Town of Breaux Bridge
Breux Bridge, Louisiana

Balance Sheet - Statutory Basis
September 30, 1998

Annual Contributions Contract FW-2014

Assets

Cash-checking and on hand	\$ 52,450.78
Investments	45,000.00
Accounts receivable-tenants	1,379.38
Prepaid insurance	11,148.31
Debt amortization funds	66,896.66
CIAP transfer to operations	37,500.00
Fixed assets	<u>4,369,874.77</u>
Total Assets	<u>\$ 4,584,249.90</u>

Liabilities and Surplus

Tenants' security deposits	\$ 10,010.00
Accounts payable-other	5,862.46
Accrued and withheld payroll taxes	555.00
Tenants' prepaid rents	595.10
Fixed liabilities	<u>670,617.22</u>
Total liabilities	687,639.78
Surplus	<u>3,896,610.12</u>
Total Liabilities and Surplus	<u>\$ 4,584,249.90</u>

**Housing Authority of the Town of Breaux Bridge
Breux Bridge, Louisiana**

**Statement of Income and Expenses - Statutory Basis
Owned Housing Program
Year Ended September 30, 1998**

Annual Contributions Contract FW-2014

Operating income	
Dwelling rental	\$ 148,737.40
Excess utilities	12,333.55
Interest on general fund investments	2,519.20
Other Income	<u>6,443.20</u>
 Total operating income	 <u>170,033.35</u>
 Operating Expenses	
Administration	50,307.04
Utilities	39,010.55
Ordinary maintenance and operations	67,769.63
General expense	<u>53,761.66</u>
 Total operating expenses	 <u>210,848.88</u>
 Net operating income (loss) before other items	 (40,815.53)
 Other charges (credits)	
Interest expense	35,875.00
Prior year adjustments affecting residual receipts	4,049.98
Prior year adjustments not affecting residual receipts	(0.50)
Loss from disposition of equipment	<u>1,795.75</u>
 Total other charges (credits)	 <u>41,720.23</u>
 Net Income (Loss)	 <u>\$ (82,535.76)</u>

**Housing Authority of the Town of Breaux Bridge
Breux Bridge, Louisiana**

**Analysis of Surplus - Statutory Basis
September 30, 1998**

Annual Contributions Contract FW-2014

Unreserved surplus	
Balance per 9-30-97 audit	\$ (2,324,987.64)
Prior audit AJEs subsequently booked	4,049.48
Net income (loss) FYE 9-30-98	(82,535.76)
OR provision FYE 9-30-98	<u>(11,484.37)</u>
Balance at 9-30-98	<u>(2,414,958.29)</u>
 Reserved Surplus	
Balance per 9-30-97 audit	92,978.50
OR provision FYE 9-30-98	<u>11,484.37</u>
Balance at 9-30-98	<u>104,462.87</u>
 Cumulative contributions from HUD	
Balance per 9-30-97 audit	3,717,390.00
Contribution FYE 9-30-98	65,734.32
Operating subsidy FYE 9-30-98	<u>51,065.00</u>
Balance at 9-30-98	<u>3,834,189.32</u>
 Grants from HUD	
Balance per 9-30-97 audit	2,299,725.03
Grants FYE 9-30-98	<u>73,191.19</u>
Balance at 9-30-98	<u>2,372,916.22</u>
 Total Surplus	 <u><u>\$ 3,896,610.12</u></u>

**Housing Authority of the Town of Breaux Bridge
Breux Bridge, Louisiana**

**Computation of Residual Receipts and Accruing Annual Contributions
Owned Housing Program
Year Ended September 30, 1998**

Annual Contributions Contract FW-2014

Computation of Residual Receipts	
Operating receipts	
Operating income	\$ 170,033.35
HUD operating subsidy	<u>51,065.00</u>
Total operating receipts	<u>221,098.35</u>
Operating expenditures	
Operating expenses	210,848.88
Prior year adjustments affecting residual receipts	<u>4,049.98</u>
Total operating expenditures	<u>214,898.86</u>
Residual Receipts before provision for reserve, per audit	6,199.49
Audit adjustments (backed out)	<u>5,284.88</u>
Residual Receipts before provision for reserve, per PHA	11,484.37
Provision for operating reserve	<u>(11,484.37)</u>
Residual receipts per PHA	<u>\$ -</u>
Computation of Accruing Annual Contributions	
Fixed annual contributions*	\$ 66,442.96
Less interest savings	<u>(708.64)</u>
Total annual contribution accrued	65,734.32
Less amount available for reduction of annual contribution - Residual Receipts above	<u>-</u>
Accruing annual contribution	<u>\$ 65,734.32</u>

* Subject to adjustment by HUD.

Housing Authority of the Town of Breaux Bridge
Breux Bridge, Louisiana

Schedule of Modernization Costs - Uncompleted
September 30, 1998

Annual Contributions Contract FW-2014

	<u>Project #908-96</u>
1. Funds approved	\$ 375,000.00
Funds expended	<u>338,739.80</u>
Excess of funds approved	<u>\$ 36,260.20</u>
2. Funds advanced	\$ 332,517.72
Funds expended	<u>338,739.80</u>
Excess (deficiency) of funds advanced	<u>\$ (6,222.08)</u>

Housing Authority of the Town of Breaux Bridge
Breux Bridge, Louisiana

Analysis of General Fund Cash Balance
September 30, 1998

Annual Contributions Contract FW-2014

Assets and Other Items

Cash-checking and on hand	\$ 52,450.78
Investments	45,000.00
Adjustment for CIAP funding	6,222.08
Accounts receivable-tenants	1,379.38
Prepaid insurance	<u>11,148.31</u>
Total	<u>\$ 116,200.55</u>

Liabilities, Reserves, and Other Items

Tenants' security deposits	\$ 10,010.00
Accounts payable-other	5,862.46
Accrued and withheld payroll taxes	555.00
Tenants' prepaid rents	595.10
Operating reserve per PHA	104,462.87
Adjustments affecting Operating Reserve (backed out)	<u>(5,284.88)</u>
Total	<u>\$ 116,200.55</u>

Housing Authority of the Town of Breaux Bridge
Breaux Bridge, Louisiana

Owned Housing Program

Adjusting Journal Entries
September 30, 1998

Annual Contributions Contract FW-2014

	Acct. # for audit report	Acct. # for posting by PHA	Debit	Credit
(1)				
Cumulative HUD Annual Contr.	2840	2840	\$ 2,000.00	
HUD Annual Contr. Rec.	1176	1176		\$ 2,000.00
To adjust annual contribution accrual for September 30, 1998.				
(2)				
Prior year adj. aff. RR	6010	6010	.50	
Prior year adj. not aff. RR	6020	6020		.50
To adjust for a prior CIAP. The entry is needed to balance the analysis of general fund cash.				
(3)				
Sundry	4190	DO	149.95	
Gas	4330		796.68	
Water	4310		781.50	
Sewer	4390		837.20	
Garbage and Trash	4431	NOT	1,029.60	
Maintenance Materials	4420		614.45	
Contract Costs	4430		1,075.00	
Modernization	1400.2M		578.08	
Accounts Payable	2119	BOOK		5,862.46
To record accounts payable at September 30, 1998.				
(4)				
Water	4310	DO		727.50
Gas	4330			732.99
Other Utilities	4390	NOT		804.80
Maintenance Materials	4420			354.59
Maintenance Contract	4430			1,429.60
Prior year adj. aff. RR	6010	BOOK	4,049.48	
To reverse the effect of prior year accounts payable.				
(5)				
Loss on disposition of equipment	6120	6020	1,795.75	
Land, Structures and Equipment	1400.4	1406.4		1,795.75
To write-off eleven refrigerators per resolution number 865.				

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 Breaux Bridge
720 Genny Drive
Breaux Bridge, LA 70517

We have audited the general purpose financial statements of Housing Authority of the Town of Breaux Bridge as of and for the year ended September 30, 1998, and have issued our report thereon dated February 18, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

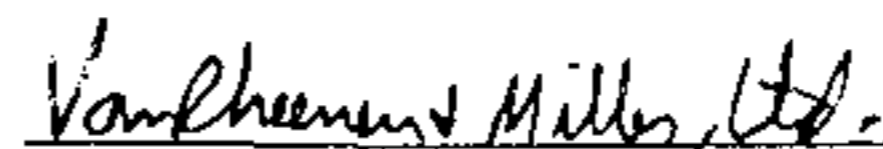
As part of obtaining reasonable assurance about whether Housing Authority of the Town of Breaux Bridge's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with 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 Breaux Bridge'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 the U.S. Department of Housing and Urban Development. However, this report is a matter of public record and its distribution is not limited.

February 18, 1999



VanRheenen & Miller, Ltd.
Certified Public Accountants