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**HOUSING AUTHORITY OF THE TOWN OF DONALDSONVILLE
DONALDSONVILLE, LOUISIANA**

**GENERAL PURPOSE FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS REPORTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 1999
WITH SUPPLEMENTAL INFORMATION SCHEDULES**

*WILLIAM DANIEL MCCASKILL, CPA
A PROFESSIONAL ACCOUNTING CORPORATION*

415 MAGNOLIA LANE
MANDEVILLE, LOUISIANA 70471

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the city and parish and to the 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 26 2000

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**WILLIAM DANIEL MCCASKILL, CPA
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**INDEPENDENT AUDITOR'S REPORT
UNQUALIFIED OPINION ON GENERAL PURPOSE
FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE
*OF EXPENDITURES OF FEDERAL AWARDS***

BOARD OF COMMISSIONERS
HOUSING AUTHORITY OF TOWN OF DONALDSONVILLE
DONALDSONVILLE, LOUISIANA 70346

I have audited the accompanying general purpose financial statements of the Housing Authority of the Town of Donaldsonville (PHA) as of and for the year ended December 31, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the PHA's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and provisions of the Louisiana Governmental Audit Guide. Those standards required that I 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 the significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

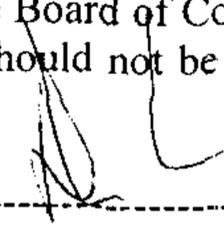
In my opinion, the general purpose financial statements referred to above present fairly in all material respects, the financial position of the Housing Authority of the Town of Donaldsonville as of December 31, 1999, and the results of its operations and changes in its total equity for the year ended in conformity with generally accepted accounting principles.

As described in Note A to the financial statements, the PHA has changed from the Governmental Funds to the Enterprise Funds method for the year ended December 31, 1999.

In accordance with Government Auditing Standards, I have also issued a report dated June 15, 2000 on my consideration of the PHA's internal control over financial reporting and my tests of its compliance with certain laws, regulations, contracts, and grants.

My audit was conducted for the purpose of forming an opinion on the general purpose financial statements of the PHA taken as a whole. The combining and individual fund financial statements and schedules, as well as the accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the 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 my opinion, is fairly presented in all material respects in relation to the financial statements and any other included supplementary information taken as a whole.

This report is intended solely for the information and use of the Board of Commissioners of the PHA, and for filing with the Department of HUD and should not be used for any other purpose.



William Daniel McCaskill, CPA
A Professional Accounting Corporation

June 15, 2000

Housing Authority of the Town of Donaldsonville
COMBINED BALANCE SHEET -- ALL FUNDS
December 31, 1999

EXHIBIT A

ALL FUNDS

ASSETS

Current assets:

| | |
|------------------------------------|---------|
| Cash and cash equivalents | 494,453 |
| Tenants rents receivable(net) | (586) |
| Accounts and notes receivables | 1,973 |
| Prepaid expenses and other assets | 7,205 |
| Inventories | 16,843 |
| Allowance for obselete inventories | (572) |

Total current assets 519,316

Fixed assets (net) 2,387,296

Total assets 2,906,612
=====

LIABILITIES AND FUND EQUITY

Current liabilities:

| | |
|---|--------|
| Accounts Payable and accrued liabilities | 36,788 |
| Deferred revenues | |
| Current portion of long-term debt capital projects | 1,703 |
| Security deposits | 11,339 |
| Interprogram due to | |

Total current liabilities 49,830

Noncurrent liabilities:

| | |
|---|---|
| Noncurrent liabilities-other | - |
| Noncurrent portion of long-term debt | - |

Total liabilities 49,830

Total fund equity 2,856,782

Total liabilities and fund
equity 2,906,612
=====

see notes financial statements

Housing Authority of the Town of Donaldsonville
 COMBINING STATEMENT OF REVENUES, EXPENSE AND
 CHANGES IN EQUITY--ALL FUNDS
 For the year Ended December 31, 1999

EXHIBIT B

| | ALL FUNDS |
|--|-----------|
| Operating revenues: | |
| Net tenant revenue | 239,013 |
| Tenant revenue-other | 6,258 |
| Interest income | 10,650 |
| Other income | |
| HUD PHA grants | 405,762 |
| Other government grants | |
| | ----- |
| Total operating revenues | 661,683 |
| | ----- |
| Operating expenses: | |
| Adminstration | 134,980 |
| Tenant services | 7,485 |
| Utilities | 32,749 |
| Ordinary maintenance | 83,830 |
| General expense | 55,550 |
| Protective services | |
| Extraordinary maintenance | 23,847 |
| Housing assistance payments | |
| | ----- |
| Operating expenses before depreciation | 338,441 |
| | ----- |
| Operating income/(loss) before depreciation | 323,242 |
| Depreciation expense | 256,246 |
| Net operating income/(loss) after depreciation | 66,996 |
| | |
| Equity, 12-31-98 | 2,783,691 |
| Net operating income (loss) after depreciation | 66,996 |
| Operating transfers in | 298,095 |
| Operating transfers out | (298,095) |
| Capital outlays | 6,095 |
| | ----- |
| Equity, 12-31-99 | 2,856,782 |

see notes to financial statements

Housing Authority of the Town of Donaldsonville
COMBINING STATEMENT OF CASH FLOWS -- ALL FUNDS
For the Year Ended December 31, 1999

EXHIBIT C
page 1 of 2

| | ALL FUNDS |
|--|-----------|
| Cash flows from operating activities: | |
| Cash received from tenants | 245,271 |
| Cash received from other income | - |
| Cash paid for goods and services | (239,362) |
| Cash paid to employees | (99,079) |
| | ----- |
| Net cash provided by operating activities | (93,170) |
| | ----- |
| Cash flows from noncapital financing activities: | |
| Operating grants and subsidies | 405,762 |
| | ----- |
| Cash flows from capital and related financing activities: | |
| Proceeds from grants | |
| Acquisition of capital assets | |
| Capitalized grants | 6,095 |
| Acquisition of capital assets | (6,095) |
| | ----- |
| Net cash used for capital and related financing activities | |
| | ----- |
| Cash flows from investing activities: | |
| Interest on investments | 10,650 |
| | ----- |

see notes to financial statements

Housing Authority of the Town of Donaldsonville
 COMBINING STATEMENT OF CASH FLOWS--ALL FLOWS
 For the Year Ended December 31, 1999

EXHIBIT C
 page 2 of 2

 Reconciliation of operating income to net cash provided by operating activities:

| | |
|--|-------------|
| Adjustments to reconcile operating income to net cash | |
| Net Adjustments-other | (10,343.37) |
| (Increase) decrease in tenant rents receivable | (33.13) |
| (Increase) decrease due from US Dept of HUD | |
| (Increase) decrease due in supplies inventory | (16,271.38) |
| (Increase) decrease in prepaid insurance | (1,178.59) |
| (Increase) decrease in undistributed debits | |
| (Increase) decrease in accts receivable misc. | (28.57) |
| Increase (decrease) in accounts pay other govts. | |
| Increase (decrease) in accounts payable and accrued liabilities | 9,612.42 |
| Increase (decrease) in accounts payable HUD | 2,269.00 |
| Increase (decrease) in accrued vacation pay | 15,882.86 |
| Increase (decrease) in deferred revenues | |
| Increase (decrease) in tenant security deposits | 1,309.00 |
| | ----- |
| Total adjustments | 1,218.24 |
| Change in cash and equivalents | 324,460.24 |
| Beginning Cash | 169,992.76 |
| | ----- |
| Cash and cash equivalents end of year-Exhibit A | 494,453.00 |
| | ===== |

see notes to financial statements

Housing Authority of the Town of Donaldsonville
 Donaldsonville, Louisiana 70346

EXHIBIT D

COMBINED STATEMENT OF REVENUES AND EXPENDITURES--BUDGET VS. ACTUAL
 GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 1999

| | LOW RENT | | Favorable |
|--|--------------------|------------------|------------------|
| | Budget | Actual | Variance |
| REVENUES | | | |
| Local Sources: | | | |
| Dwelling Rental | 212,940.00 | 245,271.00 | 32,331.00 |
| Interest Charges | 6,430.00 | 10,650.00 | 4,220.00 |
| Receipts from the Sale of Equipment | | | |
| Other | 5,400.00 | | (5,400.00) |
| Federal Sources: | | | |
| Operating Subsidy | 73,067.00 | 73,067.00 | - |
| Annual Contributions | | | |
| Grants | | | |
| Total Revenues | 297,837.00 | 328,988.00 | 31,151.00 |
| EXPENDITURES | | | |
| Current: | | | |
| Administration | 88,120.00 | 100,380.00 | (12,260.00) |
| Utilities | 32,120.00 | 32,749.00 | (629.00) |
| Ordinary Maintenance & Operations | 80,540.00 | 83,830.00 | (3,290.00) |
| Tenant Services | 6,930.00 | 7,485.00 | (555.00) |
| General Expenditures | 92,660.00 | 55,550.00 | 37,110.00 |
| Nonroutine Maintenance | 48,050.00 | 23,847.00 | 24,203.00 |
| Housing Assistance Payments | | | |
| Facilities Acquisition & Construction | 13,130.00 | - | 13,130.00 |
| Debt Service: | | | |
| Principal Retirement | | | |
| Interest & Bank Charges | | | |
| Total Expenditures | 361,550.00 | 303,841.00 | 57,709.00 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (63,713.00) | 25,147.00 | 88,860.00 |
| OTHER FINANCING SOURCES (USES) | | | |

see notes to financial statements

THE HOUSING AUTHORITY OF THE TOWN OF DONALDSONVILLE
DONALDSONVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

Housing Authorities are chartered as a public corporation under the laws (LSA-RS 40:391) of the State of Louisiana. for the purpose of providing safe and sanitary dwelling accommodations for the residents of Donaldsonville, Louisiana. This creation was contingent upon the local governing body of the city or parish. The PHA is governed by a five member Board of Commissioners. The members, appointed by the Mayor of Donaldsonville, Louisiana, serve a four year staggered term.

Under the United States Housing Act of 1937, as amended, the US Department of HUD has direct responsibility for administering low rent housing programs in the United States. Accordingly, HUD has entered into an annual contributions contract with the PHA for the purpose of assisting the PHA in financing the acquisition, construction and leasing of housing units and to make annual contributions (subsidies) to the PHA for the purpose of maintaining this low rent character.

NOTE A

(1) Financial Reporting Entity

Generally accepted accounting principles require that the financial statements present the accounts and operations of the PHA and its component units, entities for which the PHA is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the PHA's operations and data from these units, if any are combined with data of the PHA. Each discretely presented component, if any, would be reported in a separate column in the combined financial statements to emphasize that it is legally separate from the PHA. As of December 31, 1999, and for the fiscal then ended, the PHA had no discretely presented component units or any component units required to be blended in these financial statements.

(2) Change in Accounting Principle

For the year ended December 31, 1999, the PHA has changed from the GAAP Government Funds Method to the GAAP Enterprise Method.

The Enterprise Funds Method accounts for operations in a manner similar to a private business. Under this method, all assets, including fixed assets, and all liabilities are in one fund, and one financial statement.

The Enterprise Fund recognizes revenues and expenses on the full accrual basis. Revenues are recognized when earned and become measurable. Expenses are recognized in the period incurred, if measurable. In the prior method used, the Governmental Funds Method, the modified accrual method was used.

(3) Budgetary Data

The PHA is required by its HUD Annual Contributions Contract to adopt annual budgets for the Low Rent Housing Program and the Section 8 Programs. Annual budgets are not required for CIAP grants as their budgets are approved for the length of the project. Both annual and project length budgets require grantor approval.

(4) Cash and Cash Equivalents

The entity defines cash and cash equivalents to include certificates of deposit, money market funds, savings accounts, and demand deposits.

(5) Tenant Receivables

Receivables for rental and service charges are reported in the General Fund, net of allowances for doubtful accounts.

(6) Compensated Absences

Authority employees accrue personal leave, or compensated absences, by a prescribed formula based on length of service.

NOTE B – CASH DEPOSITS WITH FINANCIAL INSTITUTIONS

It is entity's policy for deposits to be secured to be secured by collateral valued at market or par, which 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, 1999. 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, uninsured and unregistered, but with securities held by the bank, its agent, pledged to the PHA, but not in the PHA's name.

Cash Deposits, categorized by level of risk, (at cost, which approximates market) are:

| Total | Category | | |
|---------------|----------|---|---------|
| | 1 | 2 | 3 |
| Bank Balances | | | |
| \$494,453 | 100,000 | | 394,453 |

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities with 10 days of being notified by the PHA that the fiscal agent has failed to pay deposited funds upon demand.

NOTE C -- ACTIVITIES OF THE PHA

At December 31, 1999, the PHA was managing a low-rent program under FW-1263 and a CIAP program.

NOTE D -- CONTINGENCIES

The entity is subject to possible examinations 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 refund by the entity to federal grantors and/or program beneficiaries.

NOTE E -- FIXED ASSETS

As noted in Note A, soft costs formerly capitalized have been written off and fixed assets are now depreciated on the straight-line method over their estimated useful lives as follows:

| | |
|------------------------|--------------|
| Site improvements | 20 Years |
| Buildings | 20 Years |
| Building improvements | 10 Years |
| Nondwelling structures | 20 Years |
| Equipment | 3 to 7 Years |

| | Cost | Current Depreciation | Accumulated Depreciation | Net |
|------------------|------------------|----------------------|--------------------------|------------------|
| Land | \$535,167 | | | 535,167 |
| Buildings | 4,378,441 | 218,920 | 2,927,648 | 1,450,793 |
| Equipment-Dw | 72,704 | 0 | 72,704 | 0 |
| Eq. Admin. | 44,936 | 4,009 | 33,893 | 11,043 |
| Site Improvement | 355,268 | 23,685 | 201,845 | 153,423 |
| | <u>5,386,516</u> | <u>237,716</u> | <u>3,236,090</u> | <u>2,150,426</u> |

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

NOTE F -- LONG-TERM DEBT

Long-term debt owed to HUD or guaranteed and serviced by HUD has been reclassified to HUD equity accounts. For the year ended December 31, 1999, Housing Agency bonds outstanding of \$994,617.77 were reclassified.

NOTE G -- RETIREMENT PLAN

The entity provides 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 months exclusionary period. The employees contribute 5% 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 5 years of participation.

The entity's total payroll in fiscal year ended December 31, 1999 was \$99,079. The entity's contributions were calculated using the base salary amount of \$99,079. Contributions to plan were \$4,953.95 and \$7,926.32 by the employee and the entity, respectively.

NOTE H -- DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and Investments

The carrying amount approximates fair value because of the short maturity of these instruments.

NOTE I -- USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE I -- INTERFUND ASSETS/LIABILITIES

Interfund receivables/payable at December 31, 1999 are as follows:

NONE

Housing Authority of the Town of Donaldsonville
 Town of Donaldsonville, Louisiana
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended December 31, 1999

SCHEDULE I

| FEDERAL AGENCY: | CFDA NO. | Federal Award Expenditures |
|--|-------------|-------------------------------|
| U S Department of Housing and Urban Development Direct Programs: | | |
| Low Income Housing: | | |
| Operating Subsidy | | 73,067 |
| Leased | | |
| Development | | |
| Total Low Income Housing | 14.850 | 73,067 |
| Section 8 Cluster: | | |
| Vouchers | 14.855 | |
| Certificates | 14.857 | |
| Moderate Rehabilitation | 14.856 | |
| New Construction | 14.182 | |
| Substantial Rehabilitation | 14.182 | |
| Total Section 8 Cluster | | - |
| Comprehensive Grants | 14.859 | ----- |
| CIAP | 14.852 | 332,695 |
| Public Housing Drug Elimination Program: | | |
| PHDEP | | |
| Youth Sports | | |
| Total PHDEP | 14.854 | ----- |
| Shelter + Care | 14.238 | ----- |
| HOPE | 14.858 | ----- |
| HOME | 14.239 | ----- |
| Child Care Food Program (USDA) | 10.558 | ----- |
| TOTAL FEDERAL EXPENDITURES | | 405,762 ===== |

NOTE: This schedule of expenditures of federal awards is prepared on GAAPenterprise accounting.

see notes to financial statements

| | Low Rent | CIAP | Total |
|---|------------------|----------------|------------------|
| ASSETS: | | | |
| CURRENT ASSETS | | | |
| Cash-unrestricted | 31,078 | | 31,078 |
| Cash-restricted-modernization and development | | | |
| Cash-other restricted | | | |
| Cash-tenant security deposits | 11,339 | | 11,339 |
| Total Cash | 42,417 | | 42,417 |
| Accounts and notes receivable: | | | |
| Accounts receivable-PHA projects | 839 | | 839 |
| Accounts receivable-HUD other projects | | | |
| Accounts receivable-other governments | | | |
| Accounts receivable-miscellaneous | 1,134 | | 1,134 |
| Accounts receivable-tenant dwelling rents | (586) | | (586) |
| Allowance for doubtful accounts-dwelling rents | | | |
| Allowance for doubtful accounts-other | | | |
| Notes and mortgages receivable-current | | | |
| Fraud recovery | | | |
| Allowance for doubtful accounts-fraud | | | |
| Accrued interest receivable | | | |
| Total Receivable, net of allowances for doubtful accounts | 1,387 | | 1,387 |
| Current investments: | | | |
| Investments-unrestricted | 452,036 | | 452,036 |
| Investments-restricted | | | |
| Prepaid Expenses and Other Assets | | | |
| Inventories | 7,205 | | 7,205 |
| Allowance for obsolete inventories | 16,843 | | 16,843 |
| Amounts to be provided | (572) | | (572) |
| TOTAL CURRENT ASSETS | 519,316 | | 519,316 |
| NONCURRENT ASSETS: | | | |
| Fixed Assets: | | | |
| Land | 535,167 | | 535,167 |
| Buildings | 4,378,441 | 99,950 | 4,478,391 |
| Furniture, Equipment & Machinery-Dwellings | 72,704 | 11,274 | 83,978 |
| Furniture, Equipment & Machinery-Administration | 44,936 | | 44,936 |
| Leasehold Improvements | 355,268 | 144,176 | 499,444 |
| Accumulated Depreciation | (3,236,090) | (18,530) | (3,254,620) |
| Total Fixed Assets, Net of Accumulated Depreciation | 2,150,426 | 236,870 | 2,387,296 |
| Notes and mortgages receivable-noncurrent | | | |
| Notes and mortgages receivable-past due | | | |
| Other assets | | | |
| Undistributed debits | | | |
| Investments in joint ventures | | | |
| TOTAL NONCURRENT ASSETS | 2,150,426 | 236,870 | 2,387,296 |
| TOTAL ASSETS | 2,669,742 | 236,870 | 2,906,612 |

see notes to financial statements

| | Low Rent | CIAP | Total |
|---|------------------|----------------|------------------|
| LIABILITIES AND EQUITY: | | | |
| LIABILITIES: | | | |
| CURRENT LIABILITIES | | | |
| Bank overdraft | | | - |
| Accounts payable <=90 days | 9,082 | | 9,082 |
| Accounts payable >=90 days | | | - |
| Accrued wages payroll taxes payable | 696 | | 696 |
| Accrued compensated absences | 15,883 | | 15,883 |
| Accrued contingency liability | | | - |
| Accrued interest payable | | | - |
| Accounts payable-HUD PHA programs | 2,845 | | 2,845 |
| Accounts payable-PHA Projects | | | - |
| Accounts payable-other governments | | | - |
| Tenant security deposits | 11,339 | | 11,339 |
| Deferred revenues | 1,703 | | 1,703 |
| Current portion of L-T debt-capital projects | | | - |
| Current portion of L-T debt-operating borrowings | | | - |
| Other current liabilities | 8,282 | | 8,282 |
| Accrued liabilities-other | | | - |
| Inter-program-due to | | | - |
| TOTAL CURRENT LIABILITIES | 49,830 | - | 49,830 |
| NONCURRENT LIABILITIES | | | |
| Long-term debt, net of current-capital projects | | | - |
| Long-term debt, net of current-operating borrowings | | | - |
| Noncurrent liabilities-other | | | - |
| TOTAL NONCURRENT LIABILITIES | - | - | - |
| TOTAL LIABILITIES | 49,830 | - | 49,830 |
| EQUITY | | | |
| Investment in general fixed assets | | | - |
| Contributed Capital: | | | - |
| Project notes (HUD) | | | - |
| Long-term debt-HUD guaranteed | 828,374 | | 828,374 |
| Net HUD PHA contributions | 2,150,426 | 236,870 | 2,387,296 |
| Other HUD contributions | | | - |
| Other contributions | | | - |
| Total contributed capital | 2,978,800 | - | 2,978,800 |
| Reserved fund balance: | | | - |
| Reserved for operating activities | | | - |
| Reserved for capital activities | | | - |
| Total reserved fund balance | - | - | - |
| Undesignated fund balance/retained earnings | (358,888) | | (358,888) |
| TOTAL EQUITY | 2,619,912 | 236,870 | 2,856,782 |
| TOTAL LIABILITIES AND EQUITY | 2,669,742 | 236,870 | 2,906,612 |

see notes to financial statements

Housing Authority of the Town of Donaldsonville
 COMBINING STATEMENT OF REVENUES, EXPENSE AND
 CHANGES IN EQUITY-ALL FUNDS
 For the year ended December 31, 1999

| | Low Rent | CIAP | Total |
|--|-----------|-----------|-----------|
| General expenses: | | | |
| Insurance premiums | 34,198 | | 34,198 |
| Other general expenses | | | |
| Payments in lieu of taxes | 20,626 | | 20,626 |
| Bad debt-tenant rents | 726 | | 726 |
| Bad debt-mortgages | | | |
| Bad debt-other | | | |
| Housing assistance payments | | | |
| Extraordinary maintenance | 23,847 | | 23,847 |
| OPERATING EXPENSES BEFORE DEPRECIATION | 303,841 | 34,600 | 338,441 |
| NET OPERATING INCOME BEFORE DEPRECIATION | 25,147 | 298,095 | 323,242 |
| Depreciation expense | 237,716 | 18,530 | 256,246 |
| Net operating income (loss) after depreciation | (212,569) | 279,565 | 66,996 |
| Net Beginning equity, 12-31-98 | 2,534,386 | 249,305 | 2,783,691 |
| Net operating income(loss) after depreciation | (212,569) | 279,565 | 66,996 |
| Operating transfers in | 298,095 | | 298,095 |
| Operating transfers out | - | (298,095) | (298,095) |
| Capital outlays | | 6,095.00 | 6,095 |
| Total Equity, 12-31-99 | 2,619,912 | 236,870 | 2,856,782 |

see notes to financial statements

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**REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENTAL AUDITING STANDARDS**

BOARD OF COMMISSIONERS
HOUSING AUTHORITY OF THE TOWN OF DONALDSONVILLE
DONALDSONVILLE, LOUISIANA 70346

I have audited the financial statements of the Housing Authority of the Town of Donaldsonville (PHA), as of and for the year ended December 31, 1999, and have issued my report thereon dated June 15, 2000. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Audit Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the PHA's financial statements are free of material misstatement, I 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 my audit and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

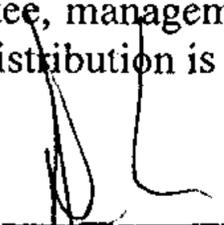
Internal Control Over Financial Reporting

In planning and performing my audit, I considered the PHA's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My 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 cooperation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in the 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of the audit committee, management, and for HUD. However, this report is a matter of public record and its distribution is not limited.

June 15, 2000



William Daniel McCaskill, CPA
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**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
DONALDSONVILLE, LOUISIANA 70346

Compliance

I have audited the compliance of the Housing Authority of the Town of Donaldsonville (PHA) 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, 1999. The PHA'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 PHA's management. My responsibility is to express an opinion on the PHA's compliance based on my audit.

I conducted my 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, Audits of States, Local Governments, and Non Profit Organizations.

Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the PHA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the PHA's compliance with those requirements.

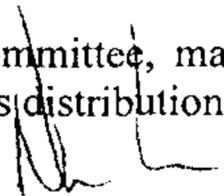
In my opinion, the PHA's complied, in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended Month date, year.

Internal Control Over Compliance

The management of the PHA 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 my audit, I considered the PHA's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matter in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation 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. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended for the information of the audit committee, management, and HUD. However, this report is a matter of public record and its distribution is not limited.



William Daniel McCaskill, CPA
A Professional Accounting Corporation

June 15, 2000

**THE HOUSING AUTHORITY OF THE TOWN OF DONALDSONVILLE
DONALDSONVILLE, LOUISIANA**

SUMMARY SCHEDULE OF PRIOR FINDINGS

The prior audit included one finding:

98-1 The 1998 audit was late per State law.

This finding is now cleared.

**THE HOUSING AUTHORITY OF THE TOWN OF DONALDSONVILLE
DONALDSONVILLE, LOUISIANA**

SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS

Per A-133, Section 505(d)

1. Summary Schedule of Auditors Results:

- i. The report includes an unqualified opinion on the financial statements.
- ii. There were no reportable conditions in internal controls found required to be disclosed at the financial statement level.
- iii. The audit disclosed no noncompliance which is material to the financial statements.
- iv. No reportable conditions in internal control over major programs, as required by A-133, were disclosed by the audit.
- v. The compliance report issued for major programs was unqualified.
- vi. The report disclosed no audit findings required to be reported under Section 510a of A-133.
- vii. All major programs have oversight by HUD and are identified as follows:

| CFDA | Name of Program |
|--------|------------------|
| 14.850 | Low Rent Housing |
| 14.852 | CIAP |
- viii. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- ix. The auditee was not considered a low risk auditee.

2. Finding relating to the financial statements required to be reported with GAGAS are as follows:
None

3. Findings and questioned costs for Federal awards as defined in A-133, Section 510a all with HUD oversight:
None

**THE HOUSING AUTHORITY OF THE TOWN OF DONALDSONVILLE
DONALDSONVILLE, LOUISIANA**

CORRECTIVE ACTION PLAN

Our corrective action plan is as follows:

NONE