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**Housing Authority of Sabine Parish
Many, Louisiana**

Financial Statements and Supplemental Financial Information
Year Ended December 31, 1996
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 FEB 26 1997

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

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Independent Auditors' Report

Board of Commissioners
Housing Authority of Sabine Parish
210 North Highland Drive
Many, Louisiana 71449

We have audited the accompanying general purpose and combining financial statements of Housing Authority of Sabine Parish as of December 31, 1996, and for the year then ended, as listed in the table of contents. These financial statements and the supplemental financial information and supplemental financial information - statutory basis are the responsibility of the authority's management. Our responsibility is to express an opinion on these general purpose and combining financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Housing Authority of Sabine Parish as of December 31, 1996, and the results of its operations for the year then ended in conformity with generally accepted accounting principles. Also, in our opinion, the combining financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds of Housing Authority of Sabine Parish as of December 31, 1996, and the results of operations of such funds 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 January 22, 1997 on our consideration of Housing Authority of Sabine Parish's internal control structure and a report dated January 22, 1997 on its compliance with laws and regulations.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole and on the combining financial statements. The accompanying financial information listed as supplemental financial information and 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 Sabine Parish. The accompanying supplemental financial information has been subjected to the auditing procedures applied in the audit of the general purpose and combining financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole. 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 and combining 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.

January 22, 1997

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

GENERAL PURPOSE FINANCIAL STATEMENTS

Housing Authority of Sabine Parish
Many, Louisiana

Combined Balance Sheet - All Fund Types and Account Groups
December 31, 1996

	Governmental Fund Types			Account Groups		Memo Totals 1996	Memo Totals 1995
	Special Revenue	Debt Service	Capital Projects	General Fixed Assets	General Long-term Debt		
ASSETS AND OTHER DEBITS							
Assets:							
Cash	\$ 215,707.59	\$.00	\$.00	\$.00	\$.00	\$ 215,707.59	\$ 212,108.44
Investments	100,000.00	.00	.00	.00	.00	100,000.00	.00
Receivables:							
Accounts	1,216.07	.00	.00	.00	.00	1,216.07	2,388.05
Other governments	.00	113,243.47	5,658.54	.00	.00	118,902.01	135,509.85
Other	1,016.62	.00	.00	.00	.00	1,016.62	113.94
Due from other funds	55,658.54	.00	.00	.00	.00	55,658.54	30,533.85
Inventories (FIFO cost)	12,890.81	.00	.00	.00	.00	12,890.81	16,544.45
Prepaid items	21,286.29	.00	.00	.00	.00	21,286.29	18,829.77
Restricted assets:							
Cash	.00	3,593.04	.00	.00	.00	3,593.04	3,928.25
Fixed assets	.00	.00	.00	9,540,954.30	.00	9,540,954.30	9,148,465.35
Other debits:							
Amount avail. in debt service fund	.00	.00	.00	.00	116,836.51	116,836.51	117,171.72
Amt. to be provided for retirement of general long term debt	.00	.00	.00	.00	1,420,022.79	1,420,022.79	1,501,857.81
TOTAL ASSETS AND OTHER DEBITS	\$ 407,775.92	\$ 116,836.51	\$ 5,658.54	\$ 9,540,954.30	\$ 1,536,859.30	\$ 11,608,084.57	\$ 11,187,451.48
LIABILITIES, EQUITY, AND OTHER CREDITS							
Liabilities:							
Accounts payable:							
Trade	\$ 3,908.62	\$.00	\$.00	\$.00	\$.00	\$ 3,908.62	\$ 2,141.20
Other governments	29,539.47	.00	.00	.00	.00	29,539.47	23,813.33
Security deposits	18,026.00	.00	.00	.00	.00	18,026.00	18,102.00
Contract retentions	.00	.00	.00	.00	.00	.00	17,773.70
Due to other funds	50,000.00	.00	5,658.54	.00	.00	55,658.54	30,533.85
Accrued PILOT	13,993.73	.00	.00	.00	.00	13,993.73	13,175.79
Deferred revenue	6,754.89	.00	.00	.00	.00	6,754.89	138.00
Fixed liabilities	.00	.00	.00	.00	1,536,859.30	1,536,859.30	1,619,029.53
Total liabilities	\$ 122,222.71	\$.00	\$ 5,658.54	\$.00	\$ 1,536,859.30	\$ 1,664,740.55	\$ 1,728,707.40
Equity and Other Credits:							
Investment in general fixed assets	\$.00	\$.00	\$.00	\$ 9,540,954.30	\$.00	\$ 9,540,954.30	\$ 9,148,465.35
Fund balances:							
Reserved for debt service	.00	116,836.51	.00	.00	.00	116,836.51	117,171.72
Res. for inventories and prepaids	34,177.10	.00	.00	.00	.00	34,177.10	35,374.22
Unreserved, undesignated	251,376.11	.00	.00	.00	.00	251,376.11	161,732.79
Total Equity and Other Credits	\$ 285,553.21	\$ 116,836.51	\$.00	\$ 9,540,954.30	\$.00	\$ 9,943,344.02	\$ 9,462,744.08
TOT. LIAB., EQUITY AND OTHER CREDITS	\$ 407,775.92	\$ 116,836.51	\$ 5,658.54	\$ 9,540,954.30	\$ 1,536,859.30	\$ 11,608,084.57	\$ 11,187,451.48

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

Housing Authority of Sabine Parish
Many, Louisiana

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances-
All Governmental Fund Types
Year Ended December 31, 1996

Governmental Fund Types

	Special Revenue	Debt Service	Capital Projects	Memo Totals 1996	Memo Totals 1995
Revenues:					
Rents	\$ 146,528.28	\$.00	\$.00	\$ 146,528.28	\$ 138,627.15
Operational subsidies/grants	569,478.53	113,243.47	427,972.93	1,110,694.93	969,080.97
Interest	6,256.56	.00	.00	6,256.56	5,463.88
Miscellaneous	12,157.64	.00	.00	12,157.64	13,217.20
Total Revenues	\$ 734,421.01	\$ 113,243.47	\$ 427,972.93	\$ 1,275,637.41	\$ 1,126,389.20
Expenditures					
Current:					
Housing operations	\$ 417,583.81	\$.00	\$.00	\$ 417,583.81	\$ 418,745.40
Housing assistance	253,837.00	.00	.00	253,837.00	224,962.97
Capital outlay	2,354.00	.00	400,172.93	402,526.93	333,516.43
Debt service:					
Principal	.00	83,867.36	.00	83,867.36	78,756.56
Interest	.00	29,711.32	.00	29,711.32	32,348.83
Total Expenditures	\$ 673,774.81	\$ 113,578.68	\$ 400,172.93	\$ 1,187,526.42	\$ 1,088,330.19
Other Financing Sources (Uses):					
Operating transfers in	\$ 29,655.00	\$.00	\$.00	\$ 29,655.00	\$.00
Operating transfers out	(1,855.00)	.00	(27,800.00)	(29,655.00)	.00
Total Other Financing Sources (Uses)	\$ 27,800.00	\$.00	\$ (27,800.00)	\$.00	\$.00
Excess of Revenues and Sources over (under) Expenditures and Uses					
Fund Balance, beginning of period	\$ 88,446.20	\$ (335.21)	\$.00	\$ 88,110.99	\$ 38,059.01
	197,107.01	117,171.72	.00	314,278.73	276,219.72
Fund Balance, end of period	\$ 285,553.21	\$ 116,836.51	\$.00	\$ 402,389.72	\$ 314,278.73

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

Housing Authority of Sabine Parish
Many, Louisiana

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances-
Budget and Actual - All Governmental Fund Types
Year Ended December 31, 1996

Special Revenue Funds			
	Budget	Actual	Variance Favorable <Unfavorable>
Revenues:			
Rents	\$ 147,890.00	\$ 146,528.28	\$ (1,361.72)
Operational subsidies/grants	698,134.00	569,478.53	(128,655.47)
Interest	5,540.00	6,256.56	716.56
Miscellaneous	3,600.00	12,157.64	8,557.64
Total Revenues	\$ 855,164.00	\$ 734,421.01	\$ (120,742.99)
Expenditures			
Current:			
Administrative salaries	\$ 100,652.00	\$ 100,161.89	\$ 490.11
Professional fees	5,950.00	3,820.00	2,130.00
Travel	8,050.00	4,811.85	3,238.15
Sundry administration	18,340.00	19,011.00	(671.00)
Tenant services	2,500.00	1,434.47	1,065.53
Utilities	7,680.00	6,562.18	1,117.82
Maintenance salaries	97,330.00	88,788.58	8,541.42
Maintenance materials	40,000.00	40,783.60	(783.60)
Other maintenance costs	25,000.00	22,288.58	2,711.42
Insurance	60,100.00	59,723.31	376.69
PILOT	14,020.00	13,993.73	26.27
Employee benefits	56,690.00	54,608.68	2,081.32
Collection losses	6,210.00	723.33	5,486.67
Miscellaneous	.00	872.61	(872.61)
Housing assistance payments	370,212.00	253,837.00	116,375.00
Capital expenditures	.00	2,354.00	(2,354.00)
Total Expenditures	\$ 812,734.00	\$ 673,774.81	\$ 138,959.19
Other Financing Sources <Uses>			
Operating transfers in	\$.00	\$ 29,655.00	\$ 29,655.00
Operating transfers out	.00	(1,855.00)	1,855.00
Total Other Financing Sources <Uses>	\$.00	\$ 27,800.00	\$ 31,510.00
Excess of Revenues and Sources over <under> Expenditures and Uses	\$ 42,430.00	\$ 88,446.20	\$ 49,726.20
Fund Balance, beginning of period		197,107.01	
Fund Balance, end of period		\$ 285,553.21	

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

Housing Authority of Sabine Parish
Many, Louisiana

Notes to the Financial Statements
December 31, 1996

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 Sabine Parish, 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 inventories and 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.

Inventories are valued at the lower of cost or market using the first-in, first-out (FIFO) costing method.

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 Sabine Parish
Many, Louisiana

Notes to the Financial Statements (Continued)
December 31, 1996

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.
 - i. Expenditures under HUD's Comprehensive Improvements Assistance Program (CIAP) and Comprehensive Grant Program (CGP) 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.

Housing Authority of Sabine Parish
Many, Louisiana

Notes to the Financial Statements (Continued)
December 31, 1996

- 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 Sabine Parish
Many, Louisiana

Notes to the Financial Statements (Continued)
December 31, 1996

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, 1996. 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
\$ 330,127.24	\$ 330,127.24	\$.00	\$.00

NOTE 3 - RESTRICTED CASH

Restricted cash consists of the following:

	Owned Housing Program
Debt Service Fund	\$ 3,593.04

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

The following schedule as of December 31, 1996 represents interfund receivables and payables:

Fund Type	Interfund Receivables	Interfund Payables
Special Revenue:		
Owned Housing	\$ 5,658.54	\$ 50,000.00
Voucher Housing	50,000.00	.00
Capital Projects	.00	5,658.54
Total	\$ 55,658.54	\$ 55,658.54

NOTE 5 - FIXED ASSETS

Changes in fixed assets are as follows:

	Beg. of Period	Additions	Deletions	End of Period
Land, land impvts.	\$ 171,442.18	\$ 36,943.00	\$.00	\$ 208,385.18
Building	8,372,875.90	587,967.29	.00	8,960,843.19
Equipment	285,461.44	57,746.71	10,037.98	333,170.17
Const. in progress	318,685.83	400,172.93	680,303.00	38,555.76
Total	\$ 9,148,465.35	\$ 1,082,829.93	\$ 690,340.98	\$ 9,540,954.30

Housing Authority of Sabine Parish
Many, Louisiana

Notes to the Financial Statements (Continued)
December 31, 1996

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 \$ 278,151.00 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		\$ 20,587.81
HUD notes payable	various	717,399.67
Bonds payable, December 1, 1964 series	3.375%	404,044.82
Bonds payable, December 1, 1965 series	3.625%	114,935.06
Bonds payable, December 1, 1962 series	3.25%	279,891.94
Total		\$ 1,536,859.30

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 2006. 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:

	HUD Notes	Bonds	Payroll Related Costs
Bal., beg. of period	\$ 717,399.67	\$ 882,739.18	\$ 18,890.68
Principal retirement	.00	(83,867.36)	.00
Net Change	.00	.00	1,697.13
Bal., end of period	\$ 717,399.67	\$ 798,871.82	\$ 20,587.81

Scheduled retirements of fixed liabilities are as follows:

	Bonds	Interest	Total
Within one year	\$ 85,317.58	\$ 26,899.41	\$ 112,216.99
Within second year	91,112.37	24,040.36	115,152.73
Within third year	93,328.80	20,987.54	114,316.34
Within fourth year	94,779.01	17,859.82	112,638.83
Within fifth year	96,995.48	14,684.97	111,680.45
Thereafter	337,338.58	26,916.01	364,254.59

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 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 immediately.

Housing Authority of Sabine Parish
Many, Louisiana

Notes to the Financial Statements (Continued)
December 31, 1996

The entity's total payroll in fiscal year ended December 31, 1996 was \$186,881.11. The entity's contributions were calculated using the base salary amount of \$186,776.00. Contributions to the plan were \$14,942.08.

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.

COMBINING STATEMENTS

Housing Authority of Sabine Parish
Many, Louisiana

Combining Balance Sheet - All Special Revenue Funds
December 31, 1996

	Owned Housing FW-741	Certificate Housing FW-2241	Voucher Housing FW-2265	Totals
ASSETS AND OTHER DEBITS				
Assets:				
Cash	\$ 170,233.78	\$ 17,284.80	\$ 28,189.01	\$ 215,707.59
Receivables:				
Accounts	1,216.07	.00	.00	1,216.07
Other	1,016.62	.00	.00	1,016.62
Due from other funds	5,658.54	.00	50,000.00	55,658.54
Inventories	12,890.81	.00	.00	12,890.81
Prepaid items	21,286.29	.00	.00	21,286.29
Investments	100,000.00	.00	.00	100,000.00
TOTAL ASSETS AND OTHER DEBITS	\$ 312,302.11	\$ 17,284.80	\$ 78,189.01	\$ 407,775.92
LIABILITIES, EQUITY, AND OTHER CREDITS				
Liabilities:				
Accounts payable:				
Trade	\$ 3,785.77	\$.00	\$ 122.85	\$ 3,908.62
Other governments	.00	1,842.79	27,696.68	29,539.47
Security deposits	18,026.00	.00	.00	18,026.00
Due to other funds	50,000.00	.00	.00	50,000.00
Accrued PILOT	13,993.73	.00	.00	13,993.73
Deferred revenue	6,754.89	.00	.00	6,754.89
Total liabilities	\$ 92,560.39	\$ 1,842.79	\$ 27,819.53	\$ 122,222.71
Equity and Other Credits:				
Fund balances:				
Reserved for inventories & prepaids	\$ 34,177.10	\$.00	\$.00	\$ 34,177.10
Unreserved, undesignated	185,564.62	15,442.01	50,369.48	251,376.11
TOTAL EQUITY AND OTHER CREDITS	\$ 219,741.72	\$ 15,442.01	\$ 50,369.48	\$ 285,553.21
TOTAL LIAB., EQUITY, & OTHER CREDITS	\$ 312,302.11	\$ 17,284.80	\$ 78,189.01	\$ 407,775.92

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

Housing Authority of Sabine Parish
Many, Louisiana

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances-
All Special Revenue Funds
Year Ended December 31, 1996

	Owned Housing FW-741	Certificate Housing FW-2241	Voucher Housing FW-2265	Totals
Revenues:				
Rents	\$ 146,528.28	\$.00	\$.00	\$ 146,528.28
Operational subsidies/grants	275,751.00	57,472.21	236,255.32	569,478.53
Interest	4,235.52	637.41	1,383.63	6,256.56
Miscellaneous	11,866.64	256.00	35.00	12,157.64
Total Revenues	\$ 438,381.44	\$ 58,365.62	\$ 237,673.95	\$ 734,421.01
Expenditures				
Current:				
Administrative salaries	\$ 91,291.89	\$ 2,167.50	\$ 6,702.50	\$ 100,161.89
Professional fees	2,820.00	500.00	500.00	3,820.00
Travel	3,379.65	238.66	1,193.54	4,811.85
Sundry administration	8,132.02	3,352.91	7,526.07	19,011.00
Tenant services	1,434.47	.00	.00	1,434.47
Utilities	6,562.18	.00	.00	6,562.18
Maintenance salaries	88,788.58	.00	.00	88,788.58
Maintenance materials	40,783.60	.00	.00	40,783.60
Other maintenance costs	22,288.58	.00	.00	22,288.58
Insurance	57,575.15	1,333.52	814.64	59,723.31
PILOT	13,993.73	.00	.00	13,993.73
Employee benefits	51,494.30	864.38	2,250.00	54,608.68
Collection losses	723.33	.00	.00	723.33
Miscellaneous	.00	209.24	663.37	872.61
Housing assistance payments	.00	48,377.52	205,459.48	253,837.00
Capital Expenditures	2,354.00	.00	.00	2,354.00
Total Expenditures	\$ 391,621.48	\$ 57,043.73	\$ 225,109.60	\$ 673,774.81
Other Financing Sources (Uses):				
Operating transfers in	\$ 29,655.00	\$.00	\$.00	\$ 29,655.00
Operating transfers out	.00	.00	(1,855.00)	(1,855.00)
Total Other Financing Sources (Uses)	\$ 29,655.00	\$.00	\$ (1,855.00)	\$ 27,800.00
Excess of Revenues and Sources (over (under) Expenditures and Uses				
	\$ 76,414.96	\$ 1,321.89	\$ 10,709.35	\$ 88,446.20
Fund Balance, beginning of period	143,326.76	14,120.12	39,660.13	197,107.01
Fund Balances, end of period	\$ 219,741.72	\$ 15,442.01	\$ 50,369.48	\$ 285,553.21

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

SUPPLEMENTAL FINANCIAL INFORMATION

Housing Authority of Sabine Parish
Many, Louisiana

Schedule of Federal Financial Assistance
Year Ended December 31, 1996

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							
Annual Contribution	FW-741	14.850	\$ 113,243.47	\$ 113,243.47	\$ 113,243.47	\$ 113,243.47	\$ 113,243.47
Operating Subsidies	FW-741	14.850	275,751.00	.00	275,751.00	275,751.00	.00
Total Low-Income Housing			\$ 388,994.47	\$ 113,243.47	\$ 388,994.47	\$ 388,994.47	\$ 113,243.47
Rental Certificate	FW-2241	14.857	\$ 57,472.21	\$ (10,554.23)	\$ 48,760.77	\$ 57,472.21	\$ (1,842.79)
Rental Voucher	FW-2265	14.855	236,255.32	(13,259.10)	250,692.90	236,255.32	(27,696.68)
Comprehensive Grant	FW-741	14.859	.00	22,266.38	444,580.77	427,972.93	5,658.54
Total HUD and Grand Total			\$ 682,722.00	\$ 111,696.52	\$ 1,133,028.91	\$ 1,110,694.93	\$ 89,362.54

* Major program as defined by OMB Circular A-128.

** Major program as defined by OMB Circular A-128.

As specified in OMB Q & A, Federal Register Vol. 52, No. 219, 11-13-87, Q.7 and Q.33, the following outstanding governmental guaranteed loan balances were used in determining major program status: 1,516,271.49
See Notes to Financial Statements.

SUPPLEMENTAL FINANCIAL INFORMATION - STATUTORY BASIS

Housing Authority of Sabine Parish
Many, Louisiana

Balance Sheet - Statutory Basis
December 31, 1996

	Owned Housing FW-741	Certificate Housing FW-2241	Voucher Housing FW-2265
Assets			
Cash	\$ 170,233.78	\$ 17,284.80	\$ 28,189.01
Accounts receivable-tenants	1,216.07	.00	.00
Accounts receivable-intra agency	.00	.00	50,000.00
Accounts receivable-other	1,016.62	.00	.00
Prepaid insurance	18,633.25	.00	.00
Investments	100,000.00	.00	.00
Materials inventory (FIFO cost)	11,974.81	.00	.00
Equipment inventory (FIFO cost)	916.00	.00	.00
Debt amortization funds	116,836.51	.00	.00
Deferred charges	2,653.04	.00	.00
Fixed assets	9,568,754.30	.00	.00
Total Assets	\$ 9,992,234.38	\$ 17,284.80	\$ 78,189.01
Liabilities and Surplus			
Tenants' security deposits	\$ 18,026.00	\$.00	\$.00
Accounts payable-HUD	.00	1,842.79	27,696.68
Accounts payable-intra agency	50,000.00	.00	.00
Accounts payable-other	3,148.77	.00	122.85
Accrued and withheld payroll taxes	637.00	.00	.00
Accrued PILOT	13,993.73	.00	.00
Tenants' prepaid rents	299.31	.00	.00
Deferred credits	6,455.58	.00	.00
Accrued interest	224,608.43	.00	.00
Fixed liabilities	1,516,271.49	.00	.00
Total liabilities	\$ 1,833,440.31	\$ 1,842.79	\$ 27,819.53
Surplus	8,158,794.07	15,442.01	50,369.48
Total Liabilities and Surplus	\$ 9,992,234.38	\$ 17,284.80	\$ 78,189.01

Housing Authority of Sabine Parish
Many, Louisiana

Statement of Income and Expenses - Statutory Basis
Owned Housing Program
Year Ended December 31, 1996

Annual Contributions Contract FW-741

Operating income	
Dwelling rental	\$ 146,528.28
Interest on general fund investments	4,235.52
Other income	39,666.64
	<hr/>
Total operating income	\$ 190,430.44
	<hr/>
Operating Expenses	
Administration	\$ 105,623.56
Tenant services	1,434.47
Utilities	6,562.18
Ordinary maintenance and operation	151,860.76
General expense	123,786.51
	<hr/>
Total operating expenses	\$ 389,267.48
	<hr/>
Net operating income (loss) before other items	\$ (198,837.04)
	<hr/>
Other charges (credits)	
Interest expense	\$ 29,476.99
Prior year adjustments affecting RR	15,397.65
Prior year adjustments not affecting RR	31,903.27
Loss from disposition of equipment	10,037.98
	<hr/>
Total other charges (credits)	\$ 86,815.89
	<hr/>
Net Income (Loss)	\$ (285,652.93)

Housing Authority of Sabine Parish
Many, Louisiana

Statement of Income and Expenses - Statutory Basis
Certificate Housing Program
Year Ended December 31, 1996

Annual Contributions Contract FW-2241

Operating income	
Interest on operating reserve investments	\$ 595.68
Interest on general fund investments	41.73
Other income	256.00
	<hr/>
Total operating income	\$ 893.41
	<hr/>
Operating expenses	
Housing assistance payments	\$ 48,377.52
Administrative expenses	6,259.07
Maintenance and operation	125.00
General expenses	2,282.14
	<hr/>
Total operating expenses	\$ 57,043.73
	<hr/>
Net Loss	\$ (56,150.32)
	<hr/> <hr/>

Housing Authority of Sabine Parish
Many, Louisiana

Statement of Income and Expenses - Statutory Basis
Voucher Housing Program
Year Ended December 31, 1996

Annual Contributions Contract FW-2265

Operating income	
Interest on operating reserve investments	\$ 1,293.65
Interest on general fund investments	89.98
Other income	35.00
Total operating income	<u>\$ 1,418.63</u>
Operating expenses	
Housing assistance payments	\$ 205,459.48
Administrative expenses	15,922.11
Maintenance and operation	503.01
General expenses	3,225.00
Total operating expenses	<u>\$ 225,109.60</u>
Net Loss	<u><u>\$ (223,690.97)</u></u>

Housing Authority of Sabine Parish
Many, Louisiana

Analysis of Surplus - Statutory Basis
Year Ended December 31, 1996

	Owned Housing FW-741	Certificate Housing FW-2241	Voucher Housing FW-2265
Unreserved surplus			
Balance per 12-31-95 audit	\$ (4,816,595.36)	\$ (892,611.00)	\$ (1,058,826.00)
Prior audit AJEs subsequently booked	47,300.92	.00	.00
Donation to owned housing program	.00	.00	(1,855.00)
Net income (loss) FYE 12-31-96	(285,652.93)	(56,150.32)	(223,690.97)
OR provision FYE 12-31-96	(58,847.31)	(1,321.89)	(10,709.35)
HAP project provision FYE 12-31-96	.00	(43,771.79)	(104,788.68)
Balance at 12-31-96	\$ (5,113,794.68)	\$ (993,855.00)	\$ (1,399,870.00)
Reserved surplus			
Balance per 12-31-95 audit	\$ 158,724.41	\$ 14,120.12	\$ 39,660.13
OR provision FYE 12-31-96	58,847.31	1,321.89	10,709.35
Balance at 12-31-96	\$ 217,571.72	\$ 15,442.01	\$ 50,369.48
Project account - unfunded - HAP			
Balance per 12-31-95 audit	\$.00	\$ 326,891.76	\$ 412,583.99
HAP project provision FYE 12-31-96	.00	43,771.79	104,788.68
Balance at 12-31-96	\$.00	\$ 370,663.55	\$ 517,372.67
Cumulative contributions from HUD			
Balance per 12-31-95 audit	\$ 9,370,833.17	\$ 565,719.24	\$ 646,242.01
Contribution FYE 12-31-96	113,243.47	57,472.21	236,255.32
Operating subsidy FYE 12-31-96	275,751.00	.00	.00
Balance at 12-31-96	\$ 9,759,827.64	\$ 623,191.45	\$ 882,497.33
Grants from HUD			
Balance per 12-31-95 audit	\$ 2,823,890.45	\$.00	\$.00
Grants FYE 12-31-96	444,580.77	.00	.00
Balance at 12-31-96	\$ 3,268,471.22	\$.00	\$.00
Cumulative donations			
Balance per 12-31-95 audit	\$ 24,863.17	\$.00	\$.00
Contribution FYE 12-31-96	1,855.00	.00	.00
Balance at 12-31-96	\$ 26,718.17	\$.00	\$.00
Total Surplus	\$ 8,158,794.07	\$ 15,442.01	\$ 50,369.48

Housing Authority of Sabine Parish
Many, Louisiana

Computation of Residual Receipts and Accruing Annual Contributions
Owned Housing Program
Year Ended December 31, 1996

Annual Contributions Contract FW-741

Computation of Residual Receipts

Operating receipts	
Operating income	\$ 190,430.44
HUD operating subsidy	275,751.00
	\$ 466,181.44
Operating expenditures	
Operating expenses	\$ 389,267.48
Prior year adjustments affecting residual receipts	15,397.65
Capital expenditures	499.00
	\$ 405,164.13
RR before provision for reserve, per audit	\$ 61,017.31
Audit adjustments (backed out)	(2,170.00)
	\$ 58,847.31
RR before provision for reserve, per PHA	\$ 58,847.31
Provision for operating reserve	(58,847.31)
	\$.00

Computation of Accruing Annual Contribution

Fixed annual contribution	\$ 113,686.54 *
Less interest savings	443.07
	\$ 113,243.47
Less amount available for reduction of annual contribution - RR, above	.00
	\$ 113,243.47

*Subject to adjustment by HUD.

Housing Authority of Sabine Parish
Many, Louisiana

Computation of Annual Contributions Earned and
Project Account and Operating Reserve Changes
Certificate Housing Program
Year Ended December 31, 1996

Annual Contributions Contract FW-2241

Maximum Contribution Available	
Maximum annual contribution authorized	\$ 101,244.00
Project account, beginning of year	326,891.76
	\$ 428,135.76
Annual Contributions Required	
Housing assistance payments	\$ 48,377.52
Administrative fee	8,892.42
Audit fee	500.00
	\$ 57,769.94
Total funds required	\$ 57,769.94
Less project receipts other than annual contribution	297.73
	\$ 57,472.21
Project Account Change	
New project account balance	\$ 370,663.55
Annual Contribution Earned - lesser of contribution available or required	
	\$ 57,472.21
Operating Reserve Changes	
Operating receipts	
Operating income	\$ 893.41
Annual contribution earned	57,472.21
	\$ 58,365.62
Operating expenditures	
Operating expenses	\$ 57,043.73
	\$ 57,043.73
Net operating receipts available-audit	
	\$ 1,321.89
Audit adjustments (backed out)	.00
	\$ 1,321.89
Provision for operating reserve	
	\$ 1,321.89

Housing Authority of Sabine Parish
Many, Louisiana

Computation of Annual Contributions Earned and
Project Account and Operating Reserve Changes
Voucher Housing Program
Year Ended December 31, 1996

Annual Contributions Contract FW-2265

Maximum Contribution Available	
Maximum annual contribution authorized	\$ 341,044.00
Project account, beginning of year	412,583.99
	\$ 753,627.99
Annual Contributions Required	
Housing assistance payments	\$ 205,459.48
Administrative fee	30,420.82
Audit fee	500.00
	\$ 236,380.30
Total funds required	124.98
Less project receipts other than annual contribution	
	\$ 236,255.32
Project Account Change	
New project account balance	\$ 517,372.67
Annual Contribution Earned - lesser of contribution available or required	
	\$ 236,255.32
Operating Reserve Changes	
Operating receipts	
Operating income	\$ 1,418.63
Annual contribution earned	236,255.32
	\$ 237,673.95
Operating expenditures	
Operating expenses	\$ 225,109.60
Capital expenditures	1,855.00
	\$ 226,964.60
Net operating receipts available-audit	
	\$ 10,709.35
Audit adjustments (backed out)	.00
	\$ 10,709.35

Housing Authority of Sabine Parish
Many, Louisiana

Schedule of Modernization Costs - Uncompleted
December 31, 1996

Annual Contributions Contract FW-741

	LA48P07470496
	<hr/>
1. Funds approved	\$ 278,151.00
Funds expended	66,355.76
	<hr/>
Excess of funds approved	\$ 211,795.24
	<hr/> <hr/>
2. Funds advanced	\$ 60,697.22
Funds expended	66,355.76
	<hr/>
Excess (deficiency) of funds advanced	\$ (5,658.54)
	<hr/> <hr/>

Housing Authority of Sabine Parish
 Many, Louisiana

Schedule and Certification of Actual Modernization Costs
 December 31, 1996

Annual Contributions Contract FW-741

	LA48P07470294	LA48P07470395	TOTAL
1. Funds approved	\$ 348,679.00	\$ 331,624.00	\$ 680,303.00
Funds expended	348,679.00	331,624.00	680,303.00
Excess of funds approved	\$.00	\$.00	\$.00
2. Funds advanced	\$ 348,679.00	\$ 331,624.00	\$ 680,303.00
Funds expended	348,679.00	331,624.00	680,303.00
Excess (deficiency) of funds advanced	\$.00	\$.00	\$.00

3. The distribution of costs by project as shown on the Annual Statement/Performance and Evaluation Report accompanying the Actual Comprehensive Grant Cost Certificates dated 7/8/96 for LA48P07470294 and 9/25/96 for LA 48P07470395, submitted to HUD for approval is in agreement with the PHA records. All modernization costs have been paid and all related liabilities have been discharged through payment.

Housing Authority of Sabine Parish
Many, Louisiana

Analysis of General Fund Cash Balance
December 31, 1996

	Owned Housing FW-741	Certificate Housing FW-2241	Voucher Housing FW-2265
Assets and Other Items			
Cash	\$ 170,233.78	\$ 17,284.80	\$ 28,189.01
Adjustment for CIAP/CGP funding	5,658.54	.00	.00
Accounts receivable-tenants	1,216.07	.00	.00
Accounts receivable-intra agency	.00	.00	50,000.00
Accounts receivable-other	1,016.62	.00	.00
Prepaid insurance	18,633.25	.00	.00
Investments	100,000.00	.00	.00
Materials inventory	11,974.81	.00	.00
Equipment inventory	916.00	.00	.00
Deferred charges	2,653.04	.00	.00
Total	\$ 312,302.11	\$ 17,284.80	\$ 78,189.01
Liabilities, Reserves, and Other Items			
Tenants' security deposits	\$ 18,026.00	\$.00	\$.00
Accounts payable-HUD	.00	1,842.79	27,696.68
Accounts payable-intra agency	50,000.00	.00	.00
Accounts payable-other	3,148.77	.00	122.85
Accrued and withheld payroll taxes	637.00	.00	.00
Accrued PILOT	13,993.73	.00	.00
Tenants' prepaid rents	299.31	.00	.00
Deferred credits	6,455.58	.00	.00
Operating reserve per PHA	217,571.72	15,442.01	50,369.48
Adjustments affecting OR (backed out)	2,170.00	.00	.00
Total	\$ 312,302.11	\$ 17,284.80	\$ 78,189.01

Housing Authority of Sabine Parish
Many, Louisiana

Owned Housing Program

Adjusting Journal Entries
December 31, 1996

Annual Contributions Contract FW-741

	Acct. # for audit report	Acct. # for posting by PHA	Debit	Credit
(1)				
Accounts Payable	2111	DO NOT	\$ 2,170.00	
Maintenance Contract Costs	4430	BOOK		\$ 2,170.00
To remove liability for tree service that was not performed prior to December 31, 1996.				
(2)				
Administrative Sundry	4190	DO		213.65
Gas	4330			28.78
Maintenance Materials	4420	NOT		330.15
Maintenance Contracts	4430			398.62
Prior Year Adj. Affecting RR	6010	BOOK	971.20	
To reverse effect of prior year accounts payable.				
(3)				
Loss on Disposition of Equipment	6120	DO NOT		10,405.87
Prior Yr. Adj. Not Affecting RR	6020	BOOK	10,405.87	
To reclass adjustment made to reconcile fixed asset records to inventory.				

NON-FINANCIAL SECTION

Independent Auditors' Report on Compliance Based on an Audit of Financial
Statements Performed in Accordance with Government Auditing Standards

Board of Commissioners
Housing Authority of Sabine Parish
210 North Highland Drive
Many, Louisiana 71449

We have audited the general purpose and combining financial statements of Housing Authority of Sabine Parish as of and for the year ended December 31, 1996, and have issued our report thereon dated January 22, 1997.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose and combining financial statements are free of material misstatement.

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

The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

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

January 22, 1997

VanRheenen & Miller, Ltd.

VanRheenen & Miller, Ltd.
Certified Public Accountants

Independent Auditors' Report on Compliance with Specific Requirements
Applicable to Major HUD Programs

Board of Commissioners
Housing Authority of Sabine Parish
210 North Highland Drive
Many, Louisiana 71449

We have audited the general purpose and combining financial statements of Housing Authority of Sabine Parish as of and for the year ended December 31, 1996, and have issued our report thereon dated January 22, 1997.

We have also audited Housing Authority of Sabine Parish compliance with the specific program requirements governing types of services allowed or unallowed; eligibility; reporting; cost allocation; claims for advances and reimbursements; and special test and provisions that are applicable to each of its major HUD-assisted programs, for the year ended December 31, 1996. The management of Housing Authority of Sabine Parish is responsible for the authority's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with generally accepted auditing standards; Government Auditing Standards issued by the Comptroller General of the United States; Office of Management and Budget Circular A-128, "Audits of State and Local Governments" and the provisions of the Public and Indian Housing Compliance Supplement dated May 29, 1996. Those standards and the OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the authority's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, Housing Authority of Sabine Parish complied, in all material respects, with the requirements described above that are applicable to each of its HUD-assisted programs for the year ended December 31, 1996.

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

January 22, 1997

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

Independent Auditors' Report on Compliance with the General Requirements
Applicable to Federal Financial Assistance Programs

Board of Commissioners
Housing Authority of Sabine Parish
210 North Highland Drive
Many, Louisiana 71449

We have audited the general purpose and combining financial statements of Housing Authority of Sabine Parish as of and for the year ended December 31, 1996, and have issued our report thereon dated January 22, 1997.

We have applied procedures to test Housing Authority of Sabine Parish compliance with the following requirements applicable to each of its federal financial assistance programs, which are identified in the schedule of federal financial assistance, for the year ended December 31, 1996:

- Political Activity
- Davis-Bacon Act
- Civil Rights
- Cash Management
- Federal Financial Reports (Claims for Advances and Reimbursements)
- Allowable costs/Cost principles
- Drug-Free Workplace Act
- Administrative requirements

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

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

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

January 22, 1997

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

Independent Auditors' Report on Compliance with Specific Requirements
Applicable to NonMajor Federal Financial Assistance Program Transactions

Board of Commissioners
Housing Authority of Sabine Parish
210 North Highland Drive
Many, Louisiana 71449

We have audited the general purpose and combining financial statements of Housing Authority of Sabine Parish as of and for the year ended December 31, 1996, and have issued our report thereon dated January 22, 1997.

In connection with our audit of the general purpose and combining financial statements of Housing Authority of Sabine Parish as of and for the year ended December 31, 1996, and with our consideration of the authority's control structure used to administer federal financial assistance programs, as required by Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments," we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended December 31, 1996. As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing eligibility that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the authority's compliance with these requirements. Accordingly, we do not express such an opinion.

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

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

January 22, 1997

Van Rheenen & Miller, Ltd.

VanRheenen & Miller, Ltd.
Certified Public Accountants

Independent Auditors' Report on the Internal Control Structure Based on an Audit of General Purpose and Combining Financial Statements Performed in Accordance with Government Auditing Standards

Board of Commissioners
Housing Authority of Sabine Parish
210 North Highland Drive
Many, Louisiana 71449

We have audited the general purpose and combining financial statements of Housing Authority of Sabine Parish as of and for the year ended December 31, 1996, and have issued our report thereon dated January 22, 1997.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose and combining financial statements are free of material misstatement.

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

In planning and performing our audit of the general purpose and combining financial statements of Housing Authority of Sabine Parish for the year ended December 31, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose and combining financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

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

Our study of the authority's internal control structure disclosed a reportable condition in internal controls relating to segregation of duties. Due to its limited size, the entity does not have the personnel to adequately separate the internal accounting control duties. The segregation of duties is a decision that must be made by management on a cost-benefit basis. Management must determine if the costs of implementing an adequate internal control system will outweigh the benefits derived from such a system. This reportable condition is inherent in all small entities, and should not be construed as a failure in proper management. We concur with management's opinion that the costs incurred to implement an adequate internal control system would exceed the benefits derived from such a system. Consequently, this should not be considered a controlled audit finding.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities in amounts that would be material in relation to the general purpose and combining financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described above is a material weakness.

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

January 22, 1997

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

Independent Auditors' Report on the Internal Control Structure Used in
Administering Federal Financial Assistance Programs

Board of Commissioners
Housing Authority of Sabine Parish
210 North Highland Drive
Many, Louisiana 71449

We have audited the general purpose and combining financial statements of Housing Authority of Sabine Parish for the year ended December 31, 1996, and have issued our report thereon dated January 22, 1997. We have also audited Housing Authority of Sabine Parish's compliance with requirements applicable to major federal financial assistance programs and have issued our report thereon dated January 22, 1997.

We conducted our audits in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, Audits of State and Local Governments. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose and combining financial statements are free of material misstatement and about whether Housing Authority of Sabine Parish complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audits for the year ended December 31, 1996, we considered the authority's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the authority's general purpose and combining financial statements and on its compliance with requirements applicable to major programs, and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the general purpose and combining financial statements in a separate report dated January 22, 1997.

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

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

Activity Cycles

- Treasury or financing
- Revenue/receipts
- Purchases/disbursements
- External financial reporting
- Payroll/personnel

General Requirements

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

Specific Requirements

- Types of services allowed or unallowed
- Eligibility
- Reporting
- Cost allocation
- Special tests and provisions

Claims for Advances and Reimbursements

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

During the year ended December 31, 1996, Housing Authority of Sabine Parish expended 74 percent of its total federal financial assistance under major federal financial assistance programs.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the authority's major federal financial assistance programs, which are identified in the accompanying schedule of federal financial assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

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

Our study of the authority's internal control structure disclosed a reportable condition in internal controls relating to segregation of duties. Due to its limited size, the entity does not have the personnel to adequately separate the internal accounting control duties. The segregation of duties is a decision that must be made by management on a cost-benefit basis. Management must determine if the costs of implementing an adequate internal control system will outweigh the benefits derived from such a system. This reportable condition is inherent in all small entities, and should not be construed as a failure in proper management. We concur with management's opinion that the costs incurred to implement an adequate internal control system would exceed the benefits derived from such a system. Consequently, this should not be considered a controlled audit finding.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described above are material weaknesses.

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

January 22, 1997

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

Housing Authority of Sabine Parish
Many, Louisiana

Independent Auditors' General Comments
December 31, 1996

1. There are no audit findings.
2. There were no findings in the next preceding audit.
3. The PHA administers the following programs: 262 units of public housing, 25 units of certificate housing, 100 units of voucher housing, and a comprehensive grant program.