

TALLULAH HOUSING AUTHORITY
Tallulah, Louisiana
PROPRIETARY FUND TYPE - ENTERPRISE FUND
Proposed Budget
For the Year Ended December 31, 1999
(Unaudited)

OPERATING REVENUES	
Rental income	\$151,800
Other operating revenues	<u>1,400</u>
Total operating revenues	<u>153,200</u>
OPERATING EXPENSES	
Accounting and legal	6,300
Operating supplies	340
Garbage removal	2,000
Maintenance of grounds	6,000
Insurance	4,500
Payroll taxes	3,000
Repairs and maintenance	22,700
Salary	23,100
Telephone	720
Utilities	5,000
Other operating expenses	<u>3,780</u>
Total operating expenses	<u>78,680</u>
OPERATING INCOME	<u>74,520</u>
NON-OPERATING REVENUES (Expenses)	
Capital expenses	<u>(2,500)</u>
NET INCOME (Loss)	69,000
RETAINED EARNINGS (Deficit) AT BEGINNING OF YEAR	<u>(105,272)</u>
RETAINED EARNINGS (Deficit) AT END OF YEAR	<u>(36,272)</u>

LOUIS L. ANDRIE
CERTIFIED PUBLIC ACCOUNTANT

126 COMANCHE TRAIL
WEST MONROE, LA 70091

OR # 796-2636

**Independent Auditor's Report on Internal
Control Structure Used in Administering
Federal Financial Assistance Programs**

**BOARD OF DIRECTORS
TALLULAH HOUSING AUTHORITY
Tallulah, Louisiana**

I have audited the general purpose financial statements of Tallulah Housing Authority as of December 31, 1996, and for the year then ended, and have issued my report thereon dated March 27, 1997. I have also audited the compliance of Tallulah Housing Authority with requirements applicable to its major federal financial assistance program and have issued my report thereon dated March 27, 1997.

I conducted my audit in accordance with generally accepted auditing standards; *Governor's Auditing Standards*, issued by the Comptroller General of the United States; the provisions of Office of Management and Budget Circular A-128, *Auditor of State and Local Governments*; and the United States Department of Agriculture *Farmer Home Administration (FmHA) Audit Program* (1989 edition). These standards, OMB Circular A-128, and the FmHA audit program require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement and about whether Tallulah Housing Authority has complied with laws and regulations, noncompliance with which would be material to its major federal financial assistance program.

In planning and performing my audit for the year ended December 31, 1996, I considered its internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements of Tallulah Housing Authority and on the housing authority's compliance with requirements applicable to its major program, and to report on the internal control structure in accordance with OMB Circular A-128 and the FmHA audit program. This report addresses my consideration of internal control structure policies and procedures relevant to compliance requirements applicable to the federal financial assistance program. I have addressed internal control structure policies and procedures relevant to my audit of the general purpose financial statements in a separate report dated March 27, 1997.

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**BOARD OF DIRECTORS
TALLULAH HOUSING AUTHORITY**

Tallahassee, Louisiana

**Independent Auditor's Report
on Internal Control Structure, etc.,
December 31, 1998**

The management of Tallulah Housing Authority 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 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, I have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

- Accounting applications:
 - Revenues/Receipts
 - Expenditures/Disbursements
- General requirements -
 - Civil rights
 - Federal financial reporting
- Specific Requirements -
 - Reporting
- Special requirements:
 - Housing occupancy
 - Tenant rental rates
 - Loan reserve requirement

**BOARD OF COMMISSIONERS
TALLULAH HOUSING AUTHORITY**
Tululah, Louisiana
Independent Auditor's Report
on Internal Control Structure, etc.,
December 31, 1996

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

During the year ended December 31, 1996, 100 per cent of the housing authority's total federal financial assistance was under its major federal financial assistance program.

I performed tests of controls, as required by GMI Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that I considered relevant to preventing or detecting material noncompliance with general and specific requirements that are applicable to the housing authority's major federal financial assistance program, which is identified in the accompanying Schedule of Federal Financial Assistance. My procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, I do not express such an opinion.

My 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 constitute material weaknesses under standards established by the American Institute of Certified Public Accountants. 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 or irregularities in amounts 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. I noted no matters involving the internal control structure and its operation that I consider to be material weaknesses as defined above.

This report is intended for the information of the board of directors of Tallulah Housing Authority, management of the housing authority, and interested state and federal agencies. This is not intended to limit the distribution of this report, which is a matter of public record.

Steven A. Anderson

West Monroe, Louisiana
March 27, 1997

TALLULAH HOUSING AUTHORITY
Tallulah, Louisiana
PROPRIETARY FUND TYPE - ENTERPRISE FUND

Comparative Balance Sheets, December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
ASSETS		
Current assets:		
Cash	\$5,685	
Accounts receivable - rental assistance		\$5,039
Deposits	<u>325</u>	<u>325</u>
Total current assets	<u>5,980</u>	<u>5,364</u>
Restricted assets - cash	55,470	26,349
Property, plant and equipment (net of accumulated depreciation)	<u>786,762</u>	<u>820,038</u>
TOTAL ASSETS	<u>\$848,212</u>	<u>\$851,751</u>
LIABILITIES AND FUND EQUITY		
Current liabilities (payable from current assets):		
Bank overdraft		\$846
Accounts payable	<u>\$20,306</u>	<u>10,882</u>
Total current liabilities (payable from current assets)	<u>20,306</u>	<u>11,728</u>
Current liabilities (payable from restricted assets):		
Housing revenue note payable	24,172	23,945
Security deposits	<u>4,027</u>	<u>3,892</u>
Total current liabilities (payable from restricted assets)	<u>28,199</u>	<u>27,744</u>
Long-term liabilities - housing revenue note payable	594,509	678,158
Total liabilities	<u>642,484</u>	<u>721,274</u>
Fund Equity - retained earnings (deficit) - unreserved - undesignated	<u>205,728</u>	<u>130,477</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$848,212</u>	<u>\$851,751</u>

The accompanying notes are an integral part of this statement.

TALLULAH HOUSING AUTHORITY
Tallulah, Louisiana

Schedule of Insurance Coverage
As of December 31, 1996
(Unaudited)

<u>Type of Coverage</u>	<u>Name of Insurer</u>	<u>Policy Number</u>	<u>Amount of Coverage</u>	<u>Expiration Date</u>
Fire and Extended Coverage	Various	Various	\$1,280,000	04/01/97
General Liability	Ashaba Insurance	CGL419921	1,000,000	04/01/00
Automobile Liability	Ashaba Insurance	CGL419921	500,000	04/01/00
Public Officials	General Star Indemnity	IYAR117820	1,000,000	06/01/97

TALLULAH HOUSING AUTHORITY
Tallulah, Louisiana
PROPRIETARY FUND TYPE - ENTERPRISE FUNDS

Schedule of Revenues, Expenses,
and Changes in Retained Earnings - Budget and Actual
For the Year Ended December 31, 1988

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE: FAVORABLE (UNFAVORABLE)</u>
OPERATING REVENUES			
Rental income	\$54,400	\$37,483	(\$17,917)
Laundry services	1,140	879	(261)
Total operating revenues	<u>\$55,540</u>	<u>\$38,362</u>	<u>(\$17,178)</u>
OPERATING EXPENSES			
Accounting and legal	5,750	3,150	1,600
Operating supplies	400	297	103
Garbage removal	2,000	2,331	(331)
Maintenance of grounds	8,000	3,250	4,750
Insurance	4,800	4,987	(187)
Payroll taxes	2,000	2,341	(341)
Repairs and maintenance	24,000	33,759	(9,759)
Salary	26,400	25,371	(1,029)
Telephone	1,400	780	620
Utilities	3,000	3,880	(880)
Auto and travel	1,400	1,984	(584)
Depreciation		26,823	(26,823)
Other operating expenses	11,420	17,833	(6,413)
Total operating expenses	<u>\$91,590</u>	<u>\$126,381</u>	<u>(\$34,791)</u>
OPERATING INCOME (Loss)	<u>(\$36,050)</u>	<u>(\$88,019)</u>	<u>(\$51,969)</u>
NON-OPERATING REVENUES (Expenses)			
Federal grants - Farmers Home Administration:			
Loan subsidy	33,202	33,202	
Rental assistance	83,648	83,321	327
Interest earned on deposits		1,239	1,239
Interest expense		(10,800)	(10,800)
Total non-operating revenues (expenses)	<u>\$117,450</u>	<u>\$107,062</u>	<u>\$10,388</u>
NET INCOME (Loss)	<u>\$81,400</u>	<u>\$19,043</u>	<u>(\$62,357)</u>
RETAINED EARNINGS (Deficit) AT BEGINNING OF YEAR	<u>(180,473)</u>	<u>(180,473)</u>	<u></u>
RETAINED EARNINGS (Deficit) AT END OF YEAR	<u>(\$99,073)</u>	<u>(\$161,430)</u>	<u>(\$62,357)</u>

TALLULAH HOUSING AUTHORITY
Tallulah, Louisiana

Schedule of Board Members
For the Year Ended December 31, 1998

Anthony Bridgester
Post Office Box 1802
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Mary Alice Lee Hedge
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Lennie Curry
121 Chicago Street
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Tallulah, LA 71282
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GENERAL PURPOSE FINANCIAL STATEMENTS
(OVERVIEW)

TALLULAH HOUSING AUTHORITY

Tallulah, Louisiana

Notes to the financial statements (Continued)

D. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The Enterprise Fund is reported in the accompanying financial statements on the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

E. CASH

Under state law, the housing authority may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The housing authority may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 1996, the housing authority has cash demand deposits (bank balances) totaling \$61,125.

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. Deposit balances (bank balances) at December 31, 1996, total \$68,319 and are fully secured by federal deposit insurance.

F. VACATION AND SICK LEAVE

The housing authority has one employee. The housing authority has not adopted vacation or sick leave policies; therefore, there is no liability for compensated absences.

2. DEFICIT IN UNRESERVED RETAINED EARNINGS

At December 31, 1996, the housing authority has an accumulated deficit of \$148,172 in unreserved retained earnings. The housing authority's net income for the year ended December 31, 1996, was \$21,207.

TALLULAH HOUSING AUTHORITY
Tallulah, Louisiana
Independent Auditor's Report
on Internal Control Structure,
December 31, 1996

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

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. 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 or irregularities in amounts that would be material in relation to the general purpose 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 structure and its operation that I considered to be material weaknesses as defined above.

This report is intended for the information of the board of directors of Tallulah Housing Authority, management of the housing authority, and interested state and federal agencies. This is not intended to limit the distribution of this report, which is a matter of public record.

Spencer M. Anderson

West Monroe, Louisiana
March 27, 1997

TALLULAH HOUSING AUTHORITY
 Tallulah, Louisiana
 Notes to the financial statements (Continued)

The following is a summary of long-term debt transactions for the year ended December 31, 1996:

Note payable at January 1, 1996	\$1,000,700
Additions	None
Retirements	<u>(27,240)</u>
Note payable at December 31, 1996	<u>\$973,460</u>

The annual requirements to amortize long-term debt outstanding at December 31, 1996, including interest of \$174,355 are as follows:

<u>Year</u>	
1997	\$33,552
1998	33,552
1999	33,552
2000	33,552
2001	33,552
2001-2006	167,760
2007-2011	167,760
2012-2016	167,760
2017-2021	167,760
2022-2026	167,760
2027-2031	146,926
Total	<u>\$1,353,486</u>

6. LITIGATION AND CLAIMS

At December 31, 1996, the housing authority is not involved in any litigation, nor is it aware of any unasserted claims.

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**Independent Auditor's Report on Supplementary
Schedule of Federal Financial Assistance**

**BOARD OF DIRECTORS
TALULAH HOUSING AUTHORITY
Tululah, Louisiana**

I have audited the general purpose financial statements of Talulah Housing Authority as of December 31, 1996, and for the year then ended, and have issued my report thereon dated March 27, 1997. These general purpose financial statements are the responsibility of the housing authority'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, *Governments Auditing Standards*, issued by the Comptroller General of the United States; the provisions of Office of Management and Budget Circular A-128, *Audit of State and Local Governments*; and the United States Department of Agriculture *Farmer Home Administration (FmHA) Audit Program* (1989 edition). These standards, OMB Circular A-128, and the FmHA audit program require 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

My audit was made for the purpose of forming an opinion on the general purpose financial statements of Talulah Housing Authority, taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. The information in that schedule 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 general purpose financial statements taken as a whole.

Louis L. Andris

West Monroe, Louisiana
March 27, 1997

PRACTICE LIMITED TO GOVERNMENTAL AUDITING AND ACCOUNTING

TALLULAH HOUSING AUTHORITY
 Tallulah, Louisiana
 Notes to the financial statements (Continued)

3. FIXED ASSETS

The following presents the changes in fixed assets for the year ended December 31, 1996:

	Balance at January 1,	Additions	Deletions	Balance at December 31,
Land	\$38,008			\$38,008
Buildings and improvements	1,171,512			1,171,512
Furniture and equipment	76,118	3,547		79,665
Total	\$1,285,638	\$3,547	\$0,000	\$1,289,185

A summary of proprietary fixed type property, plant, and equipment at December 31, 1996, follows:

Land	\$38,008
Buildings and improvements	1,171,512
Furniture and equipment	76,118
Total	1,285,638
Accumulated depreciation	(458,888)
Net fixed assets	\$826,750

4. PENSION PLAN

The employees of Tallulah Housing Authority is a member of the Social Security System. In addition to the employee contributions withheld at 7.65 per cent of gross salary, the housing authority contributes an equal amount to the Social Security System. The housing authority does not guarantee the benefits granted by the Social Security System.

5. LONG-TERM DEBT

The long-term liability at December 31, 1996, represents a housing revenue note payable to the United States Department of Agriculture, Farmers Home Administration under the Rural Rental Housing Loan Program (CFR 9A 93.415). The note is due in monthly installments of \$2,796 through November 1, 2001, with an annual interest rate of 11.5 per cent.

C O N T E N T S CONTD.

	<i>Schedule</i>	<i>Page No.</i>
<i>Independent Auditor's Reports Required by Government Auditing Standards; OMB Circular A-135, Audit of State and Local Governments; United States Department of Agriculture Former Home Administration (FHA) Audit Program (1989 edition) and the Single Audit Act of 1984:</i>		
Report on Schedule of Federal Financial Assistance		20
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BOARD OF DIRECTORS
TALLULAH HOUSING AUTHORITY
Tallulah, Louisiana
Independent Auditor's Report
on Compliance with Specific
Requirements, etc.,
December 31, 1996

This report is intended for the information of the board of directors of Tallulah Housing Authority, management of the housing authority, and interested state and federal agencies. This is not intended to limit the distribution of this report, which is a matter of public record.

Thomas H. Beckwith

West Monroe, Louisiana
March 27, 1997

LOUIS L. ANDREWS
CERTIFIED PUBLIC ACCOUNTANT

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**Independent Auditor's Report on Compliance With Specific
Requirements Applicable to Major Federal
Financial Assistance Programs**

BOARD OF DIRECTORS
TALLULAH HOUSING AUTHORITY
Tallulah, Louisiana

I have audited the general purpose financial statements of Tallulah Housing Authority as of December 31, 1996, and for the year then ended, and have issued my report thereon dated March 22, 1997.

I have also audited Tallulah Housing Authority's compliance with the requirements governing reporting and special requirements - housing occupancy, tenant rental rates, and loan reserve requirements that are applicable to its major federal financial assistance program, which is identified in the accompanying Schedule of Federal Financial Assistance, for the year ended December 31, 1996. The management of Tallulah Housing Authority is responsible for the housing authority's compliance with these requirements. My responsibility is to express an opinion on compliance with these requirements based on my audit.

I conducted my audit of compliance with these requirements 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 Circular A-128, *Audit of State and Local Governments*; and the United States Department of Agriculture *Farmer's Home Administration (FHA) Audit Program*, (1989 edition). These standards, OMB Circular A-128, and the FHA audit program require that I 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 Tallulah Housing Authority's compliance with these requirements. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the Tallulah Housing Authority complied, in all material respects, with the requirements governing reporting and special requirements - housing occupancy, tenant rental rates, and loan reserve requirements that are applicable to its major federal financial assistance program for the year ended December 31, 1996.

LOUIS L. ANEBITES
CERTIFIED PUBLIC ACCOUNTANT

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**Independent Auditor's Report on Compliance
With General Requirements Applicable to
Federal Financial Assistance Programs**

BOARD OF DIRECTORS
TALLULAH HOUSING AUTHORITY
Tallulah, Louisiana

I have audited the general purpose financial statements of Tallulah Housing Authority as of December 31, 1996, and for the year then ended, and have issued my report thereon dated March 27, 1997.

I have applied procedures to test Tallulah Housing Authority's compliance with the civil rights and federal financial reporting requirements applicable to its federal financial assistance programs, which is identified in the accompanying Schedule of Federal Financial Assistance, for the year ended December 31, 1996.

My 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*. My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Tallulah Housing Authority's compliance with the requirement listed in the preceding paragraph. Accordingly, I 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 requirement listed in the second paragraph of this report. With respect to items not tested, nothing came to my attention that caused me to believe that Tallulah Housing Authority had not complied, in all material respects, with the requirements.

This report is intended for the information of the board of directors of Tallulah Housing Authority, management of the housing authority, and interested state and federal agencies. This is not intended to limit the distribution of this report, which is a matter of public record.

Louis L. Anebites

West Monroe, Louisiana
March 27, 1997

FRANCKE LIMITED TO CONGRESSIONAL, LEGISLATIVE AND GOVERNMENT

BOARD OF DIRECTORS
TALLULAH HOUSING AUTHORITY
Tallulah, Louisiana
Independent Auditor's Report
on Compliance, etc.,
December 31, 1986

This report is intended for the information of the board of directors of Tallulah Housing Authority, management of the housing authority, and interested state and federal agencies. This is not intended to limit the distribution of this report, which is a matter of public record.

Thomas J. Anderson

West Monroe, Louisiana
March 27, 1987

LOUIS L. ANDRIES
CERTIFIED PUBLIC ACCOUNTANT

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**Independent Auditor's Report on Compliance
With Laws, Regulations, Contracts, and Grants**

BOARD OF DIRECTORS
TALLULAH HOUSING AUTHORITY
Tallulah, Louisiana

I have audited the general purpose financial statements of Tallulah Housing Authority, as of December 31, 1996, and for the year then ended, and have issued my report thereon dated March 27, 1997.

I conducted my audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget Circular A-128, *Audit of State and Local Governments*; the United States Department of Agriculture *Farmers Home Administration (FmHA) Audit Program*, (1989 edition); and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor. Those standards, OMB Circular A-128, the FmHA audit program, and the audit guide require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

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

TALLULAH HOUSING AUTHORITY
Tallulah, Louisiana
PROPRIETARY FUND TYPE - ENTERPRISE FUND

Comparative Statements of Revenues, Expenses, and
Changes in Retained Earnings
For the Year Ended December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
OPERATING REVENUES		
Rental income	\$27,403	\$40,635
Laundry services	829	926
Total operating revenues	<u>28,232</u>	<u>41,561</u>
OPERATING EXPENSES		
Administrative	38,273	23,029
Operating and maintenance	21,180	35,601
Utilities	5,700	4,416
Insurance	4,587	3,325
Depreciation	36,623	38,619
Texas utility allowance	11,736	7,153
Other operating expenses	2,085	685
Total operating expenses	<u>130,185</u>	<u>172,858</u>
OPERATING INCOME (LOSS)	<u>(101,953)</u>	<u>(131,297)</u>
NON-OPERATING REVENUES (Expenses)		
Federal grants - Farmout Home Administration:		
Loan subsidy	33,332	33,332
Rental assistance	88,322	80,645
Interest earned on deposits	1,299	903
Interest expense	<u>(119,000)</u>	<u>(99,964)</u>
Total non-operating revenues (expenses)	<u>103,953</u>	<u>84,916</u>
NET INCOME	22,000	53,619
RETAINED EARNINGS (Deficit) AT BEGINNING OF YEAR	<u>(166,479)</u>	<u>(179,808)</u>
RETAINED EARNINGS (Deficit) AT END OF YEAR	<u>(144,479)</u>	<u>(126,189)</u>

The accompanying notes are an integral part of this statement.

118 COMANCHE TRAIL
WEST MONROE, LA 71291

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Independent Auditor's Report

BOARD OF DIRECTORS
TALLULAH HOUSING AUTHORITY
Tallulah, Louisiana

I have audited the general purpose financial statements of Tallulah Housing Authority, as of December 31, 1996, and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of Tallulah Housing Authority'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: 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 United States Department of Agriculture Farmers Plans Administration (FPA) Audit Program, (1988 edition). These standards, OMB A-128, and the FPA's audit program require 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 significant estimates made by management, as well as evaluating the overall 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 in the first paragraph present fairly, in all material respects, the financial position of Tallulah Housing Authority, as of December 31, 1996, and the results of its operations and its cash flows for the year then ended, in conformity with generally accepted accounting principles.



LOUIS L. ANDRÉS
CERTIFIED PUBLIC ACCOUNTANT

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**Independent Auditor's Report
on the Internal Control Structure**

BOARD OF DIRECTORS
TALLULAH HOUSING AUTHORITY
Tallulah, Louisiana

I have audited the general purpose financial statements of Tallulah Housing Authority, as of December 31, 1996, and for the year then ended, and have issued my report thereon dated March 27, 1997.

I conducted my audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; the provisions of Office of Management and Budget Circular A-128, *Audit of State and Local Governments*; and the United States Department of Agriculture Farmers Home Administration (FmHA) Audit Program, (1989 edition). These standards, OMB Circular A-128, and the FmHA audit program require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The management of Tallulah Housing Authority, 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 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 condition or that the effectiveness of the design and operation of policies and procedures may deteriorate.

EXHIBIT: CERTIFICATE OF INDEPENDENT AUDITING AND ACCOUNTING

TALLULAH HOUSING AUTHORITY
Tallulah, Louisiana

General Purpose Financial Statements
With Independent Auditor's Report
As of and for the Year Ended
December 31, 1996
With Supplemental Information Schedules

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TALLULAH HOUSING AUTHORITY
Tallulah, Louisiana

General Purpose Financial Statements
With Independent Auditor's Report
As of and for the Year Ended
December 31, 1996
With Supplemental Information Schedules

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or clerk, or any 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 4-9-97

TELLAWASTONING AUTHORITY

Tahleah, Louisiana

Schedule of Federal Financial Statements
For the Year Ended December 31, 1996

FEDERAL ORIGINATOR PASS THROUGH ORIGINATOR PROGRAM NAME	CFOA NUMBER	FUND- FUNCTION OBJECTIVE NUMBER	ACCUMULATED REVENUE AT CLOSURE	ACCUMULATED REVENUE AT CLOSURE	ACCUMULATED REVENUE AT CLOSURE
United States Department of Agriculture - Farmers Home Administration - Farmers through Louisiana Departments of Social Services - State program - Rural Broadband Learning Loans	10410	504	15,000	154,000	169,000

NOTE:

Not included in the above schedule is \$299,011 in net receivables long-term (including amounts owed payable at December 31, 1996). The same is payable to the Farmers Home Administration under CPOA 3045.

**Independent Auditor's Reports on Federal
Financial Assistance, Compliance With Laws,
Regulations, Contracts, and Grants,
and Internal Control Structure**

The following independent auditor's reports on the schedule of federal financial assistance, compliance with laws, regulations, contracts, and grants, and on the internal control structure are presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States; Office of Management and Budget Circular A-133, *Audit of State and Local Governments*; the *Single Audit Act of 1996*, the United States Department of Agriculture *Farmer Home Administration (FHA) Audit Program*, (1999 edition); and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

TALLULAH HOUSING AUTHORITY
Tallulah, Louisiana
PROPRIETARY FUND TYPE - ENTERPRISE FUND

Comparative Statements of Cash Flows
For the Year Ended December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating loss	(381,903)	(321,907)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation	36,623	38,619
Increase (decrease) in receivables	5,059	(4,738)
Increase (decrease) in payables	(776)	1,865
Increase in security deposits	325	325
Total adjustments	<u>41,311</u>	<u>35,071</u>
Net cash used by operating activities	<u>(340,592)</u>	<u>(286,836)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(3,347)	(3,038)
Grant proceeds	<u>88,323</u>	<u>60,843</u>
Total cash flows from capital and related financing activities	<u>84,976</u>	<u>57,805</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earnings	<u>1,289</u>	<u>303</u>
NET CHANGE IN CASH	<u>35,673</u>	<u>21,774</u>
CASH AT BEGINNING OF YEAR	<u>25,903</u>	<u>3,779</u>
CASH AT END OF YEAR	<u>61,576</u>	<u>25,553</u>

The accompanying notes are an integral part of this statement.

TALLULAH HOUSING AUTHORITY
Tallulah, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 1996

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Tallulah Housing Authority was created by ordinance of the City of Tallulah on March 11, 1976, as authorized by Louisiana Revised Statute 40:291. The housing authority is governed by a five member board appointed by the city. Board members serve five year terms without benefit of compensation.

A. REPORTING ENTITY

As the governing authority of the city, for reporting purposes, the City of Tallulah is the financial reporting entity for the city. The financial reporting entity consists of (a) the primary government (city), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 establishes criteria for determining which component units should be considered part of the City of Tallulah for financial reporting purposes. The basic criteria for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and;
 - a. The ability of the city to impose its will on that organization and/or;
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the city.

TALLULAH HOUSING AUTHORITY

Tallahah, Louisiana

Notes to the financial statements (Continued)

2. Organizations for which the city does not appoint a voting majority but are fiscally dependent on the city.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the city appoints the governing body of the housing authority, the housing authority was determined to be a component unit of the City of Tallulah, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the housing authority and do not present information on the city, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

B. FUND ACCOUNTING

Tallahah Housing Authority is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, fund equity, revenues, and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges.

C. FIXED ASSETS AND LONG-TERM DEBT

Fixed assets of the housing authority are included on the balance sheet of the enterprise fund and are recorded at actual cost. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method over estimated useful lives of 5 to 25 years. Long-term debt is recognized within the enterprise fund.

BOARD OF DIRECTORS
TALLULAH HOUSING AUTHORITY
Tallulah, Louisiana
Independent Auditor's Report,
December 31, 1988

My audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of Tallulah Housing Authority. 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 general purpose financial statements taken as a whole.

In accordance with Government Auditing Standards and OMB Circular A-128, I have also issued reports dated March 27, 1989 on Tallulah Housing Authority's Schedule of Federal Financial Assistance; compliance with law, regulations, contracts, and grants; and my consideration of the housing authority's internal control structure.

Alvin H. Anderson

West Monroe, Louisiana
March 27, 1989