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TALLAHASSEE HOUSING AUTHORITY
Tallahassee, Louisiana

General Purpose Financial Statements
With Independent Auditor's Report
As of and for the Year Ended
December 31, 1997
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 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 6-22-98

VERNON R
COON
LEGISLATIVE AUDITOR

TALLULAH HOUSING AUTHORITY
Tallulah, Louisiana

General Purpose Financial Statements
With Independent Auditor's Report
As of and for the Year Ended
December 31, 1997
With Supplemental Information Schedules

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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 the Tallulah Housing Authority, as of December 31, 1997, and for the year ended as listed in the table of contents. These general purpose financial statements are the responsibility of the 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 and Government Auditing Standards, issued by the Comptroller General of the United States. These standards 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 above present fairly, in all material respects, the financial position of the Tallulah Housing Authority as of December 31, 1997, and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

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BOARD OF DIRECTORS
TALLULAH HOUSING AUTHORITY
Tallulah, Louisiana
Independent Auditor's Report,
December 31, 1997

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 the Tallulah Housing Authority. Except for those schedules marked unaudited, 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, I have also issued reports dated March 30, 1998, on the Tallulah Housing Authority's compliance with laws, regulations, contracts, and grants, and my consideration of the agency's internal control structure.



West Monroe, Louisiana
March 30, 1998

**GENERAL PURPOSE FINANCIAL STATEMENTS
(OVERVIEW)**

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

Comparative Balance Sheets, December 31, 1997 and 1996

	<u>1997</u>	<u>1996</u>
ASSETS		
Current assets:		
Cash	55,665	55,655
Deposits	329	329
Total current assets	<u>55,994</u>	<u>55,984</u>
Restricted assets - cash	14,085	15,470
Property, plant and equipment (net of accumulated depreciation)	<u>750,892</u>	<u>756,767</u>
TOTAL ASSETS	<u>820,771</u>	<u>828,221</u>
LIABILITIES AND FUND EQUITY		
Current liabilities (payable from current assets) - accounts payable		
	<u>512,151</u>	<u>510,308</u>
Current liabilities (payable from restricted assets):		
Housing revenue note payable	24,405	24,172
Security deposits	<u>2,925</u>	<u>4,027</u>
Total current liabilities (payable from restricted assets)	<u>27,330</u>	<u>28,199</u>
Long-term liabilities - housing revenue note payable	<u>590,724</u>	<u>554,822</u>
Total liabilities	<u>1,125,205</u>	<u>1,107,429</u>
Fund Equity - retained earnings (deficit) - unreserved - undesignated	<u>(124,934)</u>	<u>(179,208)</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>820,771</u>	<u>828,221</u>

The accompanying notes are an integral part of this statement.

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, 1997 and 1996

	<u>1997</u>	<u>1996</u>
OPERATING REVENUES		
Rental income	\$35,478	\$27,400
Other operating revenues	1,432	879
Total operating revenues	<u>36,910</u>	<u>28,279</u>
OPERATING EXPENSES		
Administrative	46,414	38,373
Operating and maintenance	39,579	21,190
Utilities	5,338	5,790
Insurance	4,551	4,387
Depreciation	36,748	38,623
Tenants utility allowance	8,103	11,736
Other operating expenses	805	2,186
Total operating expenses	<u>135,538</u>	<u>122,155</u>
OPERATING INCOME (LOSS)	<u>(98,628)</u>	<u>(93,876)</u>
NON-OPERATING REVENUES (Expenses)		
Federal grants - Farmers Home Administration:		
Loan subsidy	33,982	33,982
Rental assistance	89,135	89,323
Interest earned on deposits	1,845	1,299
Interest expense	<u>(9,325)</u>	<u>(10,002)</u>
Total non-operating revenues (expenses)	<u>105,637</u>	<u>113,310</u>
NET INCOME	5,579	21,207
RETAINED EARNINGS (Deficit) AT BEGINNING OF YEAR	<u>(145,272)</u>	<u>(166,479)</u>
RETAINED EARNINGS (Deficit) AT END OF YEAR	<u>(93,993)</u>	<u>(8145,272)</u>

The accompanying notes are an integral part of this statement.

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

Comparative Statements of Cash Flows
For the Year Ended December 31, 1997 and 1996

	<u>1997</u>	<u>1996</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Opening loss	<u>(5108,628)</u>	<u>(389,960)</u>
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation	36,748	36,623
Increase in receivables		3,038
Increase (Decrease) in payables	1,885	(576)
Increase (Decrease) in security deposits	<u>(1,032)</u>	<u>225</u>
Total adjustments	<u>37,586</u>	<u>41,310</u>
Net cash used by operating activities	<u>(473,042)</u>	<u>(348,650)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(878)	(5,367)
Grant proceeds	<u>89,135</u>	<u>85,372</u>
Total cash flows from capital and related financing activities	<u>88,257</u>	<u>79,995</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earnings	<u>1,845</u>	<u>1,379</u>
NET CHANGE IN CASH	<u>18,060</u>	<u>35,622</u>
CASH AT BEGINNING OF YEAR	<u>61,125</u>	<u>25,503</u>
CASH AT END OF YEAR	<u>\$79,185</u>	<u>\$61,125</u>

The accompanying notes are an integral part of this statement.

TALLULAH HOUSING AUTHORITY
Tallahula, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 1997

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Tallulah Housing Authority was created by ordinance of the City of Tallulah on March 11, 1978, as authorized by Louisiana Revised Statute 40:391. 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 (i) the primary government (city), (ii) organizations for which the primary government is financially accountable, and (iii) 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.
2. Organizations for which the city does not appoint a voting majority but are fiscally dependent on the city.

TALLULAH HOUSING AUTHORITY

Tallulah, Louisiana

Notes to the financial statements (Continued)

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

Tallulah 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 depreciable fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method over estimated useful lives of 5 to 35 years. Long-term debt is recognized within the enterprise fund.

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.

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

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, 1997, the housing authority has cash demand deposits (bank balances) totaling \$79,130.

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, 1997, total \$79,130 and are fully secured by federal deposit insurance.

F. VACATION AND SICK LEAVE

The housing authority has three employees. 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, 1997, the housing authority has an accumulated deficit of \$139,890 in unreserved retained earnings. The housing authority's net income for the year ended December 31, 1997, was \$3,379.

3. FIXED ASSETS

The following presents the changes in fixed assets for the year ended December 31, 1997:

	<u>Balance at</u> <u>January 1,</u>	<u>Additions,</u>	<u>Deletions,</u>	<u>Balance at</u> <u>December 31,</u>
Land	\$38,008			\$38,008
Buildings and improvements	1,171,512			1,171,512
Furniture and equipment	76,110	\$878		76,988
Total	<u>\$1,285,630</u>	<u>\$878</u>	<u>NONE</u>	<u>\$1,286,508</u>

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

A summary of proprietary fund type property, plant, and equipment at December 31, 1997, follows:

Land	\$28,008
Buildings and improvements	1,171,512
Furniture and equipment	79,488
Total	<u>1,278,908</u>
Accumulated depreciation	<u>(515,690)</u>
Net fixed assets	<u>\$763,218</u>

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, 1997, represents a housing revenue note payable to the United States Department of Agriculture, Rural Development Administration under the Rural Rental Housing Loan Program (CFDA 10.413). The note is due in monthly installments of \$2,796 through November 1, 2031, with an annual interest rate of 11.5 per cent.

The following is a summary of long-term debt transactions for the year ended December 31, 1997:

Note payable at January 1, 1997	\$879,151
Additions	NONE
Retirements	<u>(34,038)</u>
Note payable at December 31, 1997	<u>\$845,113</u>

The annual requirements to amortize long-term debt outstanding at December 31, 1997, including interest of \$164,811 are as follows:

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

<u>Year</u>	
1998	\$33,582
1999	33,582
2000	33,582
2001	33,582
2002	33,582
2003-2007	167,760
2008-2012	167,760
2013-2017	167,760
2018-2022	167,760
2023-2027	167,760
2028-2031	<u>113,374</u>
Total	<u>\$1,118,934</u>

6. LITIGATION AND CLAIMS

At December 31, 1997, the housing authority is not involved in any litigation, nor is it aware of any unasserted claims.

SUPPLEMENTAL INFORMATION SCHEDULES

TALULAH HOUSING AUTHORITY
Tululah, Louisiana

Schedule of Board Members
For the Year Ended December 31, 1997

Anthony Bridgewater
Post Office Box 1802
Tululah, LA 71282
(318) 534-0811

Mary Alice Lee Hodge
404 East Green Street
Tululah, LA 71282
(318) 534-6479

Jim Stevier
Post Office Box 423
Tululah, LA 71282
(318) 534-1656

Louise Curry
121 Chicago Street
Tululah, LA 71282

Trent Lewis
301 West Craig Street
Tululah, LA 71282
(318) 5774-0924

TELECOMMISSIOING AUTHORITY
Tulahoma, Louisiana
PROPRIETARY FUND TYPE - ENTERPRISE FUND

Schedule of Revenues, Expenses,
and Changes in Retained Earnings - Budget and Actual
For the Year Ended December 31, 1997

	1997	1996	1995
OPERATING REVENUES			
Rental income	\$34,890	\$33,478	(\$1,322)
Laundry services	1,190	1,412	44
Total operating revenues	<u>\$36,080</u>	<u>\$34,890</u>	<u>(\$1,278)</u>
OPERATING EXPENSES			
Accounting and legal	5,160	1,025	2,615
Operating supplies	240	213	27
Garbage removal	2,000	2,056	(754)
Maintenance of grounds	4,000	4,750	1,250
Insurance	7,020	4,350	2,400
Payroll taxes	3,000	3,464	536
Repairs and maintenance	14,000	32,475	(18,475)
Salary	33,800	31,299	(3,499)
Telephone	750	609	111
Utilities	5,000	4,730	270
Auto and travel		762	(712)
Depreciation		36,740	(36,740)
Other operating expenses	7,710	8,988	(1,278)
Total operating expenses	<u>\$117,680</u>	<u>\$131,632</u>	<u>(\$14,952)</u>
OPERATING INCOME (Loss)	<u>(\$81,600)</u>	<u>(\$96,742)</u>	<u>(\$12,684)</u>
NON-OPERATING REVENUES (Expenses)			
Federal grant - Farmers Home Administration			
Less: utility	31,592	31,592	
Rental maintenance	43,648	40,133	(3,515)
Income earned on deposits		1,441	1,540
Interest expense		(9,524)	(9,526)
Total non-operating revenues (expenses)	<u>117,140</u>	<u>102,657</u>	<u>(\$14,483)</u>
NET INCOME	<u>\$35,540</u>	<u>(\$4,085)</u>	<u>(\$27,168)</u>
RETAINED EARNINGS (before) AT BEGINNING OF YEAR	<u>145,371</u>	<u>145,371</u>	<u>_____</u>
RETAINED EARNINGS (before) AT END OF YEAR	<u>180,911</u>	<u>141,286</u>	<u>(\$44,625)</u>

TALLULAH HOUSING AUTHORITY
Tallulah, Louisiana
PROPRIETARY FUND TYPE - ENTERPRISE FUND
Proposed Budget
For the Year Ended December 31, 1998
(Unaudited)

OPERATING REVENUES	
Rental income	\$144,640
Other operating revenues	<u>2,350</u>
Total operating revenues	<u>147,190</u>
OPERATING EXPENSES	
Accounting and legal	3,160
Operating supplies	240
Garbage removal	2,340
Maintenance of grounds	4,200
Insurance	6,480
Payroll taxes	3,760
Repairs and maintenance	21,850
Salary	30,000
Telephone	720
Utilities	4,980
Other operating expenses	<u>2,800</u>
Total operating expenses	<u>91,730</u>
OPERATING INCOME	<u>55,914</u>
NON-OPERATING REVENUES (Expenses)	
Capital expenses	<u>(1,300)</u>
NET INCOME	54,714
RETAINED EARNINGS (Deficit) AT BEGINNING OF YEAR	<u>(129,895)</u>
RETAINED EARNINGS (Deficit) AT END OF YEAR	<u>(585,179)</u>

TALLULAH HOUSING AUTHORITY
Tallulah, Louisiana

Schedule of Insurance Coverage
As of December 31, 1987
(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	04/01/89
General Liability	Audubon Insurance	CGL419921	1,000,000	04/01/90
Automobile Liability	Audubon Insurance	CGL419921	500,000	04/01/90
Public Officials	General Star Indemnity	TYAR11785C	1,000,000	06/01/86

**Independent Auditor's Reports Required
by Government Auditing Standards**

The following independent auditor's reports on compliance with laws, regulations and contracts, and internal control structure are presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.



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

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

I have audited the general purpose financial statements of the Tallulah Housing Authority, as of December 31, 1997, and for the year then ended, and have issued my report thereon dated March 30, 1998.

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 Louisiana Governmental Audit Guide, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor. Those standards 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, and contracts applicable to the Tallulah Housing Authority is the responsibility of the Tallulah 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 the Tallulah Housing Authority's compliance with certain provisions of laws, regulations, and contracts. However, my objective 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.

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

West Monroe, Louisiana
March 30, 1998

VERNON R. COON
MEMBER OF BOARD OF
PUBLIC ACCOUNTANTS

RESIDENT OF LOUISIANA
CERTIFIED PUBLIC
ACCOUNTANT

MEMBER LISTED IN
GOVERNMENTAL
AUDITING GUIDE AND
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**Independent Auditor's Report
on Internal Control Structure**

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

I have audited the general purpose financial statements of the Tallulah Housing Authority as of December 31, 1997, and for the year then ended, and have issued my report thereon dated March 30, 1998.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards 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 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.

**110 Governmental, State,
Municipal, County,
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BOARD OF DIRECTORS
TALLULAH HOUSING AUTHORITY

Tallulah, Louisiana

Independent Auditor's Report on
Internal Control Structure,
December 31, 1997

In planning and performing my audit of the general purpose financial statements of the Tallulah Housing Authority for the year ended December 31, 1997, 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 the Tallulah Housing Authority and management of the housing authority. This is not intended to limit the distribution of this report, which is a matter of public record.



West Monroe, Louisiana

March 30, 1998