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TALLELAH HOUSING AUTHORITY
Tulaha, Louisiana

General Purpose Financial Statements
With Independent Auditor's Report
As of and for the Year Ended
December 31, 1968
With Supplemental Information Schedules

Under provisions of state law, this report is a public document. A copy of this report, together with related to the account, or records of, entity and other appropriate records, shall be available to the public. This report is available for public inspection at the State Department of the Legislative Auditor for and, where appropriate, at the office of the parish clerk of court.

APR 3 4 1969

release Date _____

VERNON R
COON
INDEPENDENT PUBLIC ACCOUNTANTS

TALLULAH HOUSING AUTHORITY
Tallah, Louisiana

General Purpose Financial Statements
With Independent Auditor's Report
As of and for the Year Ended
December 31, 1999
With Supplemental Information Schedules

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TALLULAH HOUSING AUTHORITY
Tulahoma, Louisiana
Contents, December 31, 1988

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Independent Auditor's Report

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

I have audited the general purpose financial statements of the Talfulah Housing Authority, as of December 31, 1998, and for the year ended as listed in the table of contents. These general purpose financial statements are the responsibility of the Talfulah 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. Those 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 Talfulah Housing Authority as of December 31, 1998, and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

**Vernon R. Coon, Chartered
Firm Name
Louisiana Title
Phone 225.205.0101
The Firm's Louisiana
License # 4000
Fax 225.205.1000**

BOARD OF DIRECTORS
TALLULAH HOUSING AUTHORITY
Tallulah, Louisiana
Independent Auditor's Report,
December 31, 1998

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 otherwise, 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 a report dated March 30, 1999, on the Tallulah Housing Authority's compliance with laws, regulations, contracts, and grants; and my consideration of the agency's internal control.



West Monroe, Louisiana
March 30, 1999

**GENERAL PURPOSE FINANCIAL STATEMENTS
(OVERVIEW)**

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

Comparative Balance Sheet, December 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
ASSETS		
Current assets:		
Cash	\$3,034	\$5,069
Deposits	<u>325</u>	<u>325</u>
Total current assets	<u>3,359</u>	<u>5,394</u>
Restricted assets - cash	164,251	34,060
Property, plant and equipment (net of accumulated depreciation)	<u>715,901</u>	<u>790,802</u>
TOTAL ASSETS	<u>\$873,671</u>	<u>\$890,347</u>
LIABILITIES AND FUND EQUITY		
Current liabilities (payable from current assets) - accounts payable		
	<u>\$11,799</u>	<u>\$12,192</u>
Current liabilities (payable from restricted assets):		
Housing revenue note payable	24,697	24,400
Security deposits	<u>2,822</u>	<u>2,902</u>
Total current liabilities (payable from restricted assets)	<u>27,522</u>	<u>27,302</u>
Long-term liabilities - housing revenue note payable	<u>906,480</u>	<u>930,720</u>
Total liabilities	<u>945,480</u>	<u>950,214</u>
Fund Equity - retained earnings (deficit) - reserved - undesignated	<u>(121,799)</u>	<u>(129,893)</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$873,671</u>	<u>\$890,347</u>

The accompanying notes are an integral part of this statement.

TALULAH HOUSING AUTHORITY
Talulah, Louisiana
PROPRIETARY FUND TYPE - ENTERPRISE FUND

Comparative Statements of Revenues, Expenses, and
 Changes in Retained Earnings
 For the Year Ended December 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
OPERATING REVENUES		
Rental income	\$36,015	\$35,478
Other operating revenues	888	1,432
Total operating revenues	<u>36,903</u>	<u>36,910</u>
OPERATING EXPENSES		
Administrative	45,710	40,414
Operating and maintenance	23,107	29,579
Utilities	4,042	5,328
Insurance	4,501	4,351
Depreciation	36,823	36,748
Tenants utility allowance	9,500	8,185
Other operating expenses	1,275	885
Total operating expenses	<u>121,867</u>	<u>135,538</u>
OPERATING INCOME (LOSS)	<u>(84,964)</u>	<u>(100,628)</u>
NON-OPERATING REVENUES (Expenses)		
Federal grants - Farmers Home Administration:		
Loan subsidy	32,582	32,582
Rental assistance	76,340	80,135
Interest earned on deposits	2,682	1,845
Interest expense	(9,482)	(9,523)
Total non-operating revenues (expenses)	<u>102,068</u>	<u>105,007</u>
NET INCOME	18,104	5,379
RETAINED EARNINGS (Deficit) AT BEGINNING OF YEAR	<u>(138,882)</u>	<u>(145,272)</u>
RETAINED EARNINGS (Deficit) AT END OF YEAR	<u>\$(120,778)</u>	<u>\$(139,893)</u>

The accompanying notes are an integral part of this statement.

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

Comparative Statements of Cash Flows
For the Year Ended December 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating loss	(388,964)	(3180,628)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation	36,822	36,748
Increase (decrease) in payables	(400)	1,285
Increase (decrease) in security deposits	(283)	(1,132)
Total adjustments	<u>36,139</u>	<u>57,501</u>
Net cash used by operating activities	<u>(352,825)</u>	<u>(263,087)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(1,848)	(578)
Grant proceeds	78,702	80,125
Total cash flows from capital and related financing activities	<u>76,854</u>	<u>79,547</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earnings	2,682	1,845
NET CHANGE IN CASH	<u>28,299</u>	<u>18,000</u>
CASH AT BEGINNING OF YEAR	<u>78,130</u>	<u>61,125</u>
CASH AT END OF YEAR	<u>\$102,425</u>	<u>\$79,125</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, 1998

I. 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 40:791. 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.
2. Organizations for which the city does not appoint a voting majority but are fiscally dependent on the city.

TALULAH HOUSING AUTHORITY

Talulah, 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 Talulah, 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

Talulah 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 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 measurement 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.

TALIHAN HOUSING AUTHORITY

Tulahoma, 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, 1998, the housing authority has cash demand deposits (bank balances) totaling \$107,625.

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, 1998, total \$108,157 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.

G. RISK MANAGEMENT

The housing authority is exposed to various risk of loss related to fire, theft of, damage to, and destruction of assets; and injuries to employees. To handle such risk of loss, the housing authority maintains commercial insurance policies covering property, employee liability, and public officials liability. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended December 31, 1998.

2. DEFICIT IN UNRESERVED RETAINED EARNINGS

At December 31, 1998, the housing authority has an accumulated deficit of \$121,389 in unreserved retained earnings. The housing authority's net income for the year ended December 31, 1998, was \$38,104.

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, 1998:

	<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	1,171,513			1,171,513
Furniture and equipment	78,988	\$1,048		79,036
Total	<u>\$1,286,509</u>	<u>\$1,048</u>	<u>\$0,000</u>	<u>\$1,287,557</u>

A summary of proprietary fund type property, plant, and equipment at December 31, 1998, follows:

Land	\$38,008
Buildings and improvements	1,171,513
Furniture and equipment	79,036
Total	<u>1,287,557</u>
Accumulated depreciation	<u>(157,686)</u>
Net fixed assets	<u>\$713,871</u>

4. PENSION PLAN

The employees of Tallulah Housing Authority are members of the Social Security System. In addition to the employees' 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, 1998, represents a housing revenue note payable to the United States Department of Agriculture, Rural Development Administration under the Rural Rental Housing Loan Program (CFDA 10-415). 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, 1998:

TALULAH HOUSING AUTHORITY
Tulahoma, Louisiana
Notes to the financial statements (Continued)

Note payable at January 1, 1998	\$958,133
Additions	NONE
Retirements	<u>(74,087)</u>
Note payable at December 31, 1998	<u>\$884,046</u>

The annual requirements to amortize long-term debt outstanding at December 31, 1998, including interest of \$155,469 are as follows:

<u>Year</u>	
1999	\$3,552
2000	3,552
2001	3,552
2002	3,552
2003	3,552
2004-2008	167,760
2009-2013	167,760
2014-2018	167,760
2019-2023	167,760
2024-2028	167,760
2029-2038	<u>78,943</u>
Total	<u>\$1,086,937</u>

6. RESERVE FUND BALANCE

As discussed in note 5, during 1981 the housing authority received a \$1,258,000 loan from Farmers Home Administration (FHA 80.415) for the construction of housing accommodations for persons of low income. The loan agreement requires the establishment of a Reserve Fund. The housing authority must transfer into this fund an amount not less than \$10,255 annually, until there has been accumulated an amount of \$317,254. At December 31, 1998, the housing authority had set aside a total of \$180,359 to meet its reserve requirements.

7. LITIGATION AND CLAIMS

At December 31, 1998, the housing authority is not involved in any litigation, nor is it aware of any unasserted claims.

TALULAH HOUSING AUTHORITY
Tululah, Louisiana
Notes to the financial statements (Continued)

B. YEAR 2000 ISSUE (Unaudited)

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations in early calendar year 1999. The Tallulah Housing Authority has completed an inventory of computer systems that may be affected by the year 2000 issue and that are critical to conducting operations of the housing authority's office. The housing authority has identified the following systems requiring 2000 remediation: a financial reporting system. All testing and validation of this system has been completed.

Because of the unprecise nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the housing authority is or will be Year 2000 ready, that the housing authority's remediation efforts will be successful in whole or part, or that parties with whom the housing authority does business will be year 2000 ready.

SUPPLEMENTAL INFORMATION SCHEDULES

TALLIJAH HOUSING AUTHORITY
Tululah, Louisiana

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

Anthony Bridgewater
Post Office Box 1403
Tululah, LA 71282
(318) 574-0811

Mary Alice Lee Hedge
404 East Green Street
Tululah, LA 71282
(318) 574-0479

Jim Slesier
Post Office Box 423
Tululah, LA 71282
(318) 574-0856

Louise Curry
121 Chicago Street
Tululah, LA 71282

Thom Lewis
301 West Craig Street
Tululah, LA 71282
(318) 5734-0824

TALLAHASSEE INDIANO AUTHORITY
Tallahassee, Louisiana
PROPRIETARY FUND TYPE - ENTERPRISE FUND

Schedule of Revenues, Expenses,
and Changes in Retained Earnings - Budget and Actual
For the Year Ended December 31, 1998

	BUDGET	ACTUAL	VARIANCE: FAVORABLE (UNFAVORABLE)
OPERATING REVENUES			
Rental income	\$24,285	\$26,815	\$2,530
Laundry services	2,500	883	(1,617)
Total operating revenues	<u>26,785</u>	<u>27,698</u>	<u>913</u>
OPERATING EXPENSES			
Accounting and legal	3,180	4,461	1,281
Operating supplies	340	171	(169)
Garbage removal	2,340	2,564	224
Maintenance of grounds	4,200	4,238	38
Interest	6,480	4,900	(1,580)
Payroll taxes	2,360	2,360	—
Repairs and maintenance	31,896	12,305	(19,591)
Salary	36,800	37,377	577
Telephone	330	370	40
Utilities	4,980	5,478	498
Auto and travel		128	128
Depreciation		36,000	(36,000)
Other operating expenses	5,306	11,474	6,168
Total operating expenses	<u>92,478</u>	<u>121,867</u>	<u>29,389</u>
OPERATING INCOME (Loss)	<u>(65,693)</u>	<u>(94,169)</u>	<u>(28,476)</u>
NON-OPERATING REVENUES (Expenses)			
Fiduciary grants - Frontier Home Administration			
Loan subsidy	36,552	36,552	—
Rental assistance	36,300	35,300	(1,000)
Interest earned on deposits		2,682	2,682
Interest expense		(9,489)	(9,489)
Total non-operating revenues (expenses)	<u>68,852</u>	<u>64,045</u>	<u>(4,807)</u>
NET INCOME	<u>2,841</u>	<u>(29,124)</u>	<u>(31,965)</u>
RETAINED EARNINGS (deficit) AT BEGINNING OF YEAR	<u>(75,772)</u>	<u>(75,800)</u>	<u>28</u>
RETAINED EARNINGS (deficit) AT END OF YEAR	<u>(72,931)</u>	<u>(104,924)</u>	<u>(32,993)</u>

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

OPERATING REVENUES	
Rental income	\$144,640
Other operating revenues	<u>2,581</u>
Total operating revenues	<u>147,199</u>
OPERATING EXPENSES	
Accounting and legal	5,160
Operating supplies	240
Garbage removal	2,340
Maintenance of grounds	4,200
Insurance	6,400
Payroll taxes	2,740
Repairs and maintenance	31,896
Salary	30,000
Telephones	750
Utilities	4,980
Other operating expenses	<u>2,500</u>
Total operating expenses	<u>91,276</u>
OPERATING INCOME	<u>55,914</u>
NON-OPERATING REVENUES (Expenses)	
Capital expenses	<u>1,200</u>
NET INCOME	57,114
RETAINED EARNINGS (Deficit) AT BEGINNING OF YEAR	<u>(121,785)</u>
RETAINED EARNINGS (Deficit) AT END OF YEAR	<u>(64,671)</u>

TALULAH HOUSING AUTHORITY
Tulaha, Louisiana

Schedule of Insurance Coverage
As of December 31, 1998
(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	\$1,200,000	04/01/99
General Liability	Audioton Insurance	CGL419921	1,000,000	04/01/99
Automobile Liability	Audioton Insurance	CGL419921	500,000	04/01/99
Public Officials	General Star Indemnity	HTA811788C	1,000,000	05/01/99

TALLULAH HOUSING AUTHORITY
Tallulah, Louisiana

Schedule of Expenditures of Federal Funds
For the Year Ended December 31, 1998

GENERAL OR SPECIAL DAYS THROUGH OR APPROX. PROGRAM NAME	CFDA NUMBER	FEDERAL FUNDS OR OTHER NUMBER	EXPENDITURES
United States Department of Agriculture -			
 Farmers Home Administration -			
Passed through Louisiana Department of Social Services -			
Direct program - Rural Rental Housing Loans	18.415	F/A	<u>118,000</u>

Footnote:

1. Not included in the above schedule is \$811,840 in an outstanding long term bonding revenue note payable on December 31, 1998. The note is payable to the Rural Development Administration under CFDA, 18.415.
2. This schedule was prepared on the modified accrual basis of accounting.

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

The following independent auditor's reports on compliance with laws, regulations, contracts, and internal control 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 and
Internal Control Over Financial Reporting**

TALLULAH HOUSING AUTHORITY
Tallulah, Louisiana

I have audited the general purpose financial statements of the Tallulah Housing Authority as of and for the year ended December 31, 1988 ended and have issued my report thereon dated March 28, 1989. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Tallulah Housing Authority's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial amounts. However, providing an opinion on compliance with these provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Tallulah Housing Authority's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

VERNON R. QUON
REGISTERED ACCOUNTANT
PUBLIC ACCOUNTANTS

SOCIETY OF CPAS
MEMBER PUBLIC
ACCOUNTANTS

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TALILLAH HOUSING AUTHORITY

Talillah, Louisiana

**Independent Auditor's Report on Compliance
And Internal Control Over Financial Reporting, etc.
December 31, 1998**

This report is intended for the information of the Talillah 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, 1999

TALLULAH HOUSING AUTHORITY
Tallulah, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 1998

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of Tallulah Housing Authority.
2. No instances of noncompliance material to the financial statements of Tallulah Housing Authority were disclosed during the audit.
3. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

TALULAH HOUSING AUTHORITY
Tululah, Louisiana

Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 1995

There were no audit findings reported in the audit for the year ended December 31, 1995.