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**HOUSING AUTHORITY OF SABINE PARISH
MANY, LOUISIANA**

**GENERAL PURPOSE FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS REPORTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 1998
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 audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date ~~JUL 14 1999~~

**WILLIAM DANIEL MCCASKILL, CPA
A PROFESSIONAL ACCOUNTING CORPORATION
415 MAGNOLIA LANE
MANDEVILLE, LOUISIANA 70471**

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**WILLIAM DANIEL MCCASKILL, CPA
A PROFESSIONAL ACCOUNTING CORPORATION**

415 MAGNOLIA LANE
MANDEVILLE, LOUISIANA 70471

TELEPHONE 504-845-7772
FAX 504-845-1313
CELLULAR 504-674-6498
E-MAIL DANNYMAC@CMQ.COM

MEMBER
LOUISIANA SOCIETY OF CPA's
MISSISSIPPI SOCIETY OF CPA's
AMERICAN INSTITUTE OF CPA's

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

**BOARD OF COMMISSIONERS
HOUSING AUTHORITY OF SABINE PARISH
MANY, LOUISIANA**

I have audited the accompanying general purpose financial statements of the Housing Authority of Sabine Parish (PHA) as of and for the year ended December 31, 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of the PHA's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

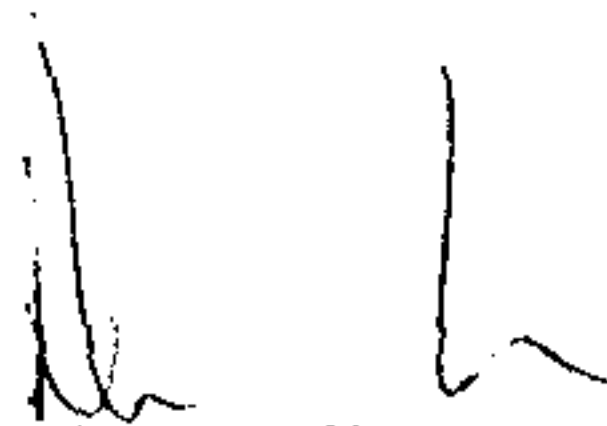
I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable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

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of Sabine Parish as of December 31, 1998, and the results of its operations and changes in its surplus for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued a report dated March 16, 1999 on my consideration of the PHA's internal control over financial reporting and my tests of its compliance with certain laws, regulations, contracts and grants.

My audit was conducted for the purpose of forming an opinion on the general purpose financial statements of the PHA taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non Profit organizations, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly presented in all material respects in relation to the financial statements and any other included supplementary information taken as a whole.

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



William Daniel McCaskill, CPA
A Professional Accounting Corporation

March 16, 1999

ALL FUND TYPES AND ACCOUNT GROUPS
 COMBINED BALANCE SHEET AS OF DECEMBER 31, 1998

ASSETS AND OTHER DEBITS	*****GOVERNMENTAL FUNDS*****				*****ACCOUNT GROUPS*****			
	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Fiduciary Funds-- Agency Funds	General Fixed Assets	General Long Term Obligations	Total (Memorandum Only)
Cash and Cash Equivalents	307,400.48	78,245.55	6,303.30	0.00	15,227.00	0.00	0.00	407,176.33
Receivables	3,222.25	13,227.00	116,396.80	156.66	0.00	0.00	0.00	133,002.71
Interfund Receivables	156.66	4,696.00	0.00	0.00	0.00	0.00	0.00	4,852.66
Prepaid Insurance	13,669.85	0.00	0.00	0.00	0.00	0.00	0.00	13,669.85
Other	24,212.67	0.00	0.00	0.00	0.00	0.00	0.00	24,212.67
Land, Structures & Equipment	0.00	0.00	0.00	0.00	0.00	10,064,282.41	0.00	10,064,282.41
Other Debits:								
Amount Available in Debt Service Funds	0.00	0.00	0.00	0.00	0.00	0.00	6,303.30	6,303.30
Amount to be Provided for Retirement of General Long Term Obligations	0.00	0.00	0.00	0.00	0.00	0.00	652,879.53	652,879.53
TOTAL ASSETS AND OTHER DEBITS	\$348,661.91	\$96,168.55	\$122,700.10	\$156.66	\$15,227.00	\$10,064,282.41	\$659,182.83	\$11,306,379.46
LIABILITIES, EQUITY AND OTHER CREDITS	=====							
Liabilities:								
Accounts Payable	19,408.66	3,273.00	0.00	0.00	0.00	0.00	0.00	22,681.66
Interfund Payables	0.00	8,631.00	0.00	156.66	0.00	0.00	0.00	8,787.66
Deposits Due Others	0.00	0.00	0.00	0.00	15,227.00	0.00	0.00	15,227.00
Deferred Revenues	0.00	18,866.00	116,396.80	0.00	0.00	0.00	0.00	135,262.80
Compensated Absenses Payable	0.00	0.00	0.00	0.00	0.00	0.00	23,618.99	23,618.99
Notes & Bonds Payable	0.00	0.00	0.00	0.00	0.00	0.00	635,563.84	635,563.84
Total Liabilities	\$19,408.66	\$30,770.00	\$116,396.80	\$156.66	\$15,227.00	\$0.00	\$659,182.83	\$841,141.95
Equity & Other Credits								
Investment in General Fixed Assets	0.00	0.00	0.00	0.00	0.00	10,064,282.41	0.00	10,064,282.41
Fund Balances:								
Reserved for Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Reserved for Debt Payment	0.00	0.00	6,303.30	0.00	0.00	0.00	0.00	6,303.30
Unreserved & Undesignated	329,253.25	65,398.55	0.00	0.00	0.00	0.00	0.00	394,651.80
Total Equity & Other Credits	\$329,253.25	\$65,398.55	\$6,303.30	\$0.00	\$0.00	\$10,064,282.41	\$0.00	\$10,465,237.51
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	\$348,661.91	\$96,168.55	\$122,700.10	\$156.66	\$15,227.00	\$10,064,282.41	\$659,182.83	\$11,306,379.46

see notes to financial statements

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED DECEMBER 31, 1998

REVENUES	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total (Memorandum Only)
Local Sources:					
Dwelling Rental	164,596.24	0.00	0.00	0.00	164,596.24
Interest Charges	12,702.55	870.66	0.00	0.00	13,573.21
Receipts from the Sale of Equipment					
Other	7,328.21	134.00	0.00	0.00	7,462.21
Federal Sources:					
Operating Subsidy	311,904.00				311,904.00
Annual Contributions		290,806.00	106,867.87	0.00	397,673.87
Grants				157,593.75	157,593.75
Total Revenues	496,531.00	291,810.66	106,867.87	157,593.75	1,052,803.28
EXPENDITURES					
Current:					
Administration	111,714.91	45,620.00	0.00	0.00	157,334.91
Utilities	8,051.53	0.00	0.00	0.00	8,051.53
Ordinary Maintenance & Operations	187,746.20	0.00	0.00	0.00	187,746.20
Tenant Services	1,587.85	0.00	0.00	0.00	1,587.85
General Expenditures	134,742.87	0.00	0.00	0.00	134,742.87
Nonroutine Maintenance	5,912.71	0.00	0.00	0.00	5,912.71
Housing Assistance Payments		250,540.06	0.00	0.00	250,540.06
Prior Year Affecting Residual Receipts		(15.52)	2964.67	0.00	
Facilities Acquisition & Construction	10,380.00	0.00	0.00	155,574.46	165,954.46
Debt Service:					
Principal Retirement			77,990.40		77,990.40
Interest & Bank Charges			24,229.02		24,229.02
Total Expenditures	460,136.07	296,144.54	105,184.09	155,574.46	1,014,090.01
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	36,394.93	(4,333.88)	1,683.78	2,019.29	38,713.27
OTHER FINANCING SOURCES (USES)					
Operating Transfers In		0.00			0.00
Operating Transfers Out		0.00			0.00
Total Other Financing Sources (Uses)	0.00	0.00	0.00	0.00	0.00
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXP. AND OTHER USES	36,394.93	(4,333.88)	1,683.78	2,019.29	38,713.27
FUND BALANCES AT BEGINNING OF YEAR	292,858.32	69,731.77	4,619.52	(2,175.95)	365,033.66
FUND BALANCES AT END OF YEAR	329,253.25	65,397.89	6,303.30	(156.66)	403,746.93

see notes to financial statements

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--BUDGET VS. ACTUAL
GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 1998

	*****GENERAL FUND*****		*****SPECIAL REVENUE FUND*****	
	Budget	Actual	Budget	Actual
REVENUES				
Local Sources:				
Dwelling Rental	167,980.00	164,596.24		
Interest Charges	6,490.00	12,702.55	0.00	871.00
Receipts from the Sale of Equipment				
Other	6,000.00	7,328.21	0.00	134.00
Federal Sources:				
Operating Subsidy	311,904.00	311,904.00		
Annual Contributions			281,143.00	290,806.00
Grants				9,663.00
Total Revenues	492,374.00	496,531.00	281,143.00	291,811.00
EXPENDITURES				
Current:				
Administration	127,220.00	111,714.91	51,830.00	(6,210.00)
Utilities	7,050.00	8,051.53		
Ordinary Maintenance & Operations	190,350.00	187,746.20		
Tenant Services	2,500.00	1,587.85		
General Expenditures	143,660.00	134,742.87		
Non-routine Maintenance	7,000.00	5,912.71		
Housing Assistance Payments			227,868.00	22,672.00
Prior Year Affecting Residual Receipts	0.00	0.00	0.00	(15.73)
Facilities Acquisition & Construction	11,400.00	10,380.00		
Debt Service:				
Principal Retirement				
Interest & Bank Charges				
Total Expenditures	489,180.00	460,136.07	279,698.00	296,144.27
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES:	3,194.00	36,394.93	1,445.00	27,114.27
OTHER FINANCING SOURCES (USES)				
Operating Transfers In				
Operating Transfers Out				
Total Other Financing Sources (Uses)	0.00	0.00	0.00	0.00
NET EXCESS (DEFICIENCY) OF REVENUES	3,194.00	36,394.93	1,445.00	(4,333.27)
FUND BALANCES AT BEGINNING OF YEAR	292,858.35	292,858.35	69,731.77	69,731.77
FUND BALANCES AT END OF YEAR	296,052.35	329,253.28	71,176.77	65,398.50

see notes to financial statements

**THE HOUSING AUTHORITY OF SABINE PARISH
MANY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS**

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

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

The PHA has the following programs under management:

	ACC Number	Number of Units
PHA Owned Housing	FW-741	262
Section 8		
Existing	FW-221	25
Vouchers	FW-2265	100

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. BASIS OF PRESENTATION

The accompanying financial statements of the PHA have been prepared in conformity with GAAP as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

GASB Statement Number 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Because the PHA is legally separate and fiscally independent by being solely accountable for fiscal matters, including (1) budget authority, (2) responsibility for funding deficits and operating deficiencies, (3) fiscal management for controlling the collection and disbursement of funds, (4) authority to issue debt, the PHA is a separate governmental reporting entity. The PHA includes all funds, account groups, activities that are within the oversight responsibility of the PHA.

Certain units of local government over which the PHA exercised no oversight responsibility, such as the school boards, parish police jury, other independently elected parish officials, and municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate entities and issue financial statements separate from those of the PHA.

C. FUND ACCOUNTING

The PHA uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net spendable financial resources.

Funds of the PHA are classified into three categories: governmental and fiduciary. In turn, each category is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental funds--Governmental funds account for all or most of the PHA's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition of construction of general fixed assets, and the servicing of general long term debt. Governmental funds include:

1. General Fund--the general operating fund of the PHA accounts for all financial resources, except those required to be accounted for in other funds.
2. Debt Service Fund--accounts for transactions relating to resources retained and used for the payment of principal and interest on those long term obligations recorded in the general long term obligations account group.
3. Capital Projects Funds--account for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds.

Fiduciary Funds--Fiduciary funds account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the PHA. Fiduciary funds include:

1. Tenant Security Deposits--accounts for assets held by the PHA as an agent for the individual residents. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating Statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental funds and agency funds. The governmental funds use the following practices in recording revenues and expenditures:

Revenues--Federal entitlements are recorded as unrestricted grants-in-aid when available and measurable. Federal restricted grants are recorded when the reimbursable expenditures have been incurred.

Rental income is recorded in the month earned.

Interest earnings on time deposits are recorded when the time deposits have matured and the interest is available. Interest income on interest bearing demand deposits is recorded each month when credited by the bank to the account.

Substantially all other revenues are recorded when they become available to the PHA.

Expenditures--Salaries are recorded as expenditures when paid.

Purchases of various operating supplies are recorded as expenditures in the accounting period they are purchased.

Compensated absences are recognized as expenditures when leave is actually taken or when employees (or heirs) are paid for accrued leave upon retirement or death, while the cost of leave privileges not requiring current resources is recorded in the general long term obligations account group.

Principal and interest on general long term debt are recognized when due.

Substantially all other expenditures are recognized when the related fund liability has been incurred.

Other Financing Sources (Uses)--Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, debt extinguishments, long term debt proceeds, and the like) are accounted for as other financing sources (uses). These other financing sources are recognized at the time the underlying events occur.

Deferred Revenues--The PHA reports deferred revenue on its combined balance sheet. Deferred revenues arise when resources are received by the PHA before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when the PHA has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized.

E. BUDGETS

The following summarizes the budget activities of the PHA during the fiscal year:

1. The PHA adopted budgets for the General Fund, the Special Revenue Fund and the Capital Projects Funds. The Capital Projects Funds budget comparison to actual has not been included since the cash project is a multiple year endeavor.
2. The budgets are prepared on the modified accrual basis of accounting. All appropriations lapse at year end.
3. Encumbrances are not recognized within the accounting records for budgetary purposes.
4. Formal budget integration (within the accounting records) is employed as a management control device.
5. The Executive Director is authorized to transfer amounts between line items within any fund, with the exception of salaries, provided such does not change the total of any function. However, when actual revenues within a fund fail to meet budgeted revenues by 5% or more, a budget amendment is adopted by the PHA in an open meeting. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

F. ENCUMBRANCES

Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed. However, outstanding purchase orders are taken into consideration before expenditures are incurred in order to assure that applicable appropriations are not exceeded. In addition, the monthly budget reports are reviewed to ensure compliance with the budget, and where necessary, revisions to the budget are made.

G. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits and interest bearing demand deposits. Cash equivalents include amounts in time deposits and cash with fiscal agents. Under state law, the PHA may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana Law and national banks having their principal offices in Louisiana.

H. SHORT TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short term interfund loans are classified as interfund receivables/payables.

I. INVENTORY

All purchased inventory items are valued at the lower of cost (first in, first out) or market. Purchased inventories are offset by a fund balance reserve which indicates that these do not constitute "available spendable resources", even though they are a component of total assets.

Acquisition of materials and supplies are accounted for on the purchase method, that is, the expenditure is charged when the items are purchased.

J. FIXED ASSETS

Fixed assets of governmental funds are recorded as expenditures at the time they are purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Public domain or infrastructures such as sidewalks and parking lots are capitalized. Interest expense during construction is capitalized. Depreciation has not been provided on general fixed assets.

K. COMPENSATED ABSENCES

The PHA follows Louisiana Civil Serviced regulations for accumulated annual and sick leave. Employees may accumulate up to 300 hours of annual leave which may be received upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by his/her retirement or termination date.

The cost of current leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expenditure in the governmental funds when leave is actually taken or *when employees (or heirs) are paid for accrued leave upon retirement or death*, while the cost of leave privileges not requiring current resources is recorded in the general long term obligations account group. Leave benefits are based on accrued leave benefits or employees with 10 years service to a maximum of 25 days at their current annual salary.

L. LONG TERM OBLIGATIONS

Long term obligations expected to be financed from governmental funds are reported in the general long term obligations account group. Expenditures for principal and interest payments for long term obligations are recognized in the governmental funds when due.

M. FUND EQUITY

Reserves represent those portions of fund equity not appropriable for expenditures or legally segregated for a specific future use.

N. INTERFUND TRANSACTIONS

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions are reported as transfers. Nonrecurring or non routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

O. TOTAL COLUMNS ON COMBINED STATEMENTS

The total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with GAAP. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 -- CASH AND CASH EQUIVALENTS

At December 31, 1998, the PHA has cash and cash equivalents totaling \$417,335.53 as follows:

Noninterest Bearing Demand Deposits	27,033.83
Interest Bearing Demand Deposits	78,300.55
Time Deposits	200,000.00
Interest Bearing Money Market	105,447.85
Petty Cash	25.00
Cash With Fiscal Agent	6,303.30
<i>Total</i>	<i>\$417,335.53</i>

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. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 1998, the PHA has \$411,032.23 in deposits (collected bank balances). These deposits are secured from risk by \$200,000.00 of federal deposit insurance and \$345,000.00 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). Even though the pledger securities are considered uncollateralized (Category 3) under the provisions of GASB

Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the PHA that the fiscal agent has failed to pay deposited funds on demand.

NOTE 3--RECEIVABLES

The receivables of \$133,002.71 at December 31, 1998 are as follows:

General Fund:	
Tenants Accounts Receivable	1,435.99
Other	1,786.26
Special Revenue Fund:	
Due From HUD	13,161.00
Due From Others	66.00
Debt Service Fund:	
Due From HUD	116,396.80
Capital Projects Fund:	
Due From HUD	156.66
Total PHA Wide	133,002.71

NOTE 4--FIXED ASSETS

The changes in general fixed assets are as follows:

Low Rent Housing:	
Land, Structures & Equipment	
Balance 12-31-97	9,778,560.54
Net Additions	285,721.87
Balance 12-31-98	10,023,392.39
CGP 97	
Balance 12-31-97	156,366.56
Net Additions	114,684.44
Balance Closed to L, S & E	271,051.00
MOD 98	
Net Additions and Balance 12-31-98	40,890.02
Total Land, Structures and Equipment Low Rent	10,064,282.41
Section 8 Programs:	
Balance 12-31-97	12,980.94
Net Deletions	12,980.94
Balance 12-31-98	0.00
Total PHA L, S & E 12-31-98	10,064,282.41

Fixed assets are mortgaged to HUD pursuant to the Annual Contributions Contract as collateral for obligations owed to the US Government. The building cost includes \$N/A of ineligible expenditures as determined by HUD.

NOTE 5--RETIREMENT SYSTEM

The PHA participates in the Housing Renewal and Local Agency Retirement Plan which is a defined contribution plan. Through this plan, the PHA provides pension benefits for all of its full time employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. All regular and full time employees are eligible to participate in the plan on the first day of the month after completing 6 months of continuous an uninterrupted employment. Each participant in the plan is required to make a monthly contribution equal to 5.5% of each participant's basic compensation. The PHA's contribution for each employee and income allocated to the employee's account are fully vested after 5 years of continuous service. The PHA's contributions and interest forfeited by employees who leave employment before 5 years of service are used to offset future contributions of the PHA.

The PHA's total payroll for fiscal year ended December 31, 1998 was \$200,866.98. The PHA's contributions were calculated using the base salary amount of \$200,866.98. Both the PHA and the covered employees made the required contributions for the year ended December 31, 1998. Employee contributions to the plan totaled \$11,047.63. The PHA contributions totaled \$16,069.35 the year ended December 31, 1998.

NOTE 6--ACCOUNTS PAYABLE

The payables of \$22,681.66 at December 31, 1998 are as follows:

General Fund:	
Vendors	1,157.65
Payment in Lieu of Taxes	15,654.49
Other	642.33
Tenant Prepaid Rents	1,954.19
Total	19,408.66
Special Revenue Fund:	
HUD Payable	3,273.00
Total PHA Wide	22,681.66

NOTE 7--COMPENSATED ABSENCES

At December 31, 1998, employees of the PHA have accumulated and vested \$23,618.99 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. This amount is not expected to be paid from current available resources; therefore the liability is recorded within general long term obligations account group.

NOTE 8--CHANGES IN AGENCY FUND DEPOSITS DUE OTHERS

Tenant Security Deposits	
Balance 12-31-97	16,713.00
Net Change	1,486.00
Balance 12-31-98	15,227.00

NOTE 9--CHANGES IN GENERAL LONG TERM OBLIGATIONS

The following is a summary of the long term obligation transactions of the year ended December 31, 1998:

Compensated Absences:	
Balance 12-31-97	27,954.90
Net Change	4,335.91
Balance 12-31-98	23,618.99
New Housing Bonds Issued	
Balance 12-31-97	713,554.24
Retired	77,990.40
Balance 12-31-98	635,563.84
Total	659,182.83

In a departure from GAAP, we were not able to ascertain future debt maturities as well as interest rates. Since HUD retires all PHA debt directly to the fiscal agent I do not consider this omission a serious matter. In fact, the PHA neither receives nor disburses a penny of debt service.

All principal and interest requirements are funded in accordance with Federal law by the annual contributions from the US Department of HUD. At December 31, 1998, the PHA has accumulated \$122,700.10 in the debt service funds for future debt requirements.

NOTE 10--INTERFUND ASSETS/LIABILITIES

Interfund receivables/payables at December 31, 1998 is as follows:

General Fund:	
Due from Capital Projects Fund	156.66
Special Revenue Fund:	
Vouchers Owes Existing	4,300.00
Due from General Fund-Passed AJE	396.00
Total SR Fund	4,696.00
Total Interfund Accounts Receivable	4,852.66
Special Revenue Fund:	
Vouchers Owes Existing	4,300.00
Vouchers Owes Existing-Passed AJE	4,331.00
Total SR Fund	8,631.00
Capital Project Funds:	
Interfund Payable due to Low Rent	156.66
Total Interfund Account Payable	8,787.66

NOTE 11-COMMITMENTS AND CONTINGENCIES

There are certain major construction projects at March 16, 1999. As approved by HUD these projects are being funded by HUD. Funds are requested periodically as the cost is incurred. Costs incurred on these projects totaled \$40,890.02 as of December 31, 1998.

The PHA participates in a number of state and federally assisted grant programs. Although the current grant programs have been audited in accordance with the Single Audit Act of 1996 through December 31, 1998, these programs are still subject to compliance audits. PHA management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

NOTE 12-YEAR 2000 COMPLIANCE

Since the PHA has bank accounts and other relationships that are dependent upon computers for normal function, it is impossible to properly determine the effect that Y-2K will have on the PHA until after January 2000. The computer software vendor utilized by the PHA indicates that they are in the Testing/Validation stage and that they are confident that the software utilized internally by the PHA will be Y-2K compliant by the end of the summer of 1999. The PHA is not performing any Testing/Validation at this time but plans to do so by September 1999. HUD indicates that their computer systems are better prepared for Y-2K than most Federal agencies and do not anticipate problems in this regard. The CPA firm hereby declares that we are not capable of evaluating the probability of what will really happen relative to Y-2K, does not believe that anyone else is, but that we do not believe that it will have a material long term effect on this PHA.

Housing Authority of Sabine Parish
 Many, Louisiana
 SPECIAL REVENUE FUND
 COMBINING BALANCE SHEET AS OF DECEMBER 31, 1998

SCHEDULE I

*****SPECIAL REVENUE FUNDS*****

ASSETS AND OTHER DEBITS	Existing	Vouchers	Total Special Revenue
Assets:			
Cash and Cash Equivalents	7,552.85	70,692.70	78,245.55
Receivables	0.00	13,227.00	13,227.00
Interfund Receivables	4,696.00	0.00	4,696.00
Prepaid Insurance	0.00	0.00	0.00
Other	0.00	0.00	0.00
Land, Structures & Equipment	0.00	0.00	0.00
Other Debits:			
Amount Available in Debt Service Funds	0.00	0.00	0.00
Amount to be Provided for Retirement of General Long Term Obligations	0.00	0.00	0.00
TOTAL ASSETS AND OTHER DEBITS	\$12,248.85	\$83,919.70	\$96,168.55

LIABILITIES, EQUITY AND OTHER CREDITS			
Liabilities:			
Accounts Payable	3,273.00	0.00	3,273.00
Interfund Payables	0.00	8,631.00	8,631.00
Deposits Due Others	0.00	0.00	0.00
Deferred Revenues	0.00	18,866.00	18,866.00
Compensated Absences Payable	0.00	0.00	0.00
Notes & Bonds Payable	0.00	0.00	0.00
Total Liabilities	\$3,273.00	\$27,497.00	\$30,770.00

Equity & Other Credits			
Investment in General Fixed Assets	0.00	0.00	0.00
Fund Balances:			
Reserved for Other	0.00	0.00	0.00
Reserved for Debt Payment	0.00	0.00	0.00
Unreserved & Undesignated	8,975.85	56,422.70	65,398.55
Total Equity & Other Credits	\$8,975.85	\$56,422.70	\$65,398.55
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	\$12,248.85	\$83,919.70	\$96,168.55
=====			

see notes to financial statements

Housing Authority of Sabine Parish
Many, Louisiana

SCHEDULE II

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 1998
SPECIAL REVENUE FUND

REVENUES	Existing FW-221	Vouchers FW-2265	Total Special Revenue
Local Sources:			
Dwelling Rental	0.00	0.00	0.00
Interest Charges	299.66	571.00	870.66
Receipts from the Sale of Equipment			
Other	0.00	134.00	134.00
Federal Sources:			
Operating Subsidy	0.00		
Annual Contributions	48,533.00	242,273.00	290,806.00
Grants			
Total Revenues	48,832.66	242,978.00	291,810.66
<hr/>			
EXPENDITURES			
Current:			
Administration	10,952.55	34,666.79	45,619.34
Utilities	0.00	0.00	
Ordinary Maintenance & Operations	0.00	0.00	
Tenant Services	0.00	0.00	
General Expenditures	0.00	0.00	
Nonroutine Maintenance	0.00	0.00	
Housing Assistance Payments	40,127.84	210,412.22	250,540.06
Prior Year Affecting Residual Receipts	(15.73)	0.21	(15.52)
Facilities Acquisition & Construction	0.00	0.00	
Debt Service:			
Principal Retirement			
Interest & Bank Charges			
Total Expenditures	51,064.66	245,079.22	296,143.88
<hr/>			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,232.00)	(2,101.22)	(4,333.22)
OTHER FINANCING SOURCES (USES)			
Operating Transfers In		0.00	
Operating Transfers Out		0.00	
Total Other Financing Sources (Uses)	0.00	0.00	0.00
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXP. AND OTHER USES	(2,232.00)	(2,101.22)	(4,333.22)
FUND BALANCES AT BEGINNING OF YEAR	11,207.85	58,523.92	69,731.77
FUND BALANCES AT END OF YEAR	8,975.85	56,422.70	65,398.55

=====

see notes to financial statements

Housing Authority of the Parish of Sabine
 Many, La 71449

SCHEDULE III

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 CAPITAL PROJECTS FUND FOR THE YEAR ENDED DECEMBER 31, 1998

	PROJECT LA48PO7470597	PROJECT LA48PO7470698	TOTAL
<hr/>			
REVENUES			
Local Sources			
Federal Sources--Grants	116,860.39	40,733.36	157,593.75
Total Revenues	116,860.39	40,733.36	157,593.75
<hr/>			
EXPENDITURES			
Current:			
Administrative			
General Expenses			
Facilities Acquisition and Construction	114,684.44	40,890.02	155,574.46
Total Expenditures	114,684.44	40,890.02	155,574.46
<hr/>			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,175.95	(156.66)	2,019.29
FUND BALANCE AT BEGINNING OF YEAR	(2,175.95)	0.00	(2,175.95)
FUND BALANCE AT END OF YEAR	(0.00)	(156.66)	(156.66)
<hr/>			

see notes to financial statements

Housing Authority of Sabine Parish

SCHEDULE IV

City of Many, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS-HUD Regulatory Basis

For the year ended December 31, 1998

FEDERAL AGENCY:	CFDA NO.	Federal Award Expenditures
U S Department of Housing and Urban Development Direct Programs:		
Low Income Housing:		
Operating Subsidy		311,904.00
Leased		
Development		
Total Low Income Housing	14.850	311,904.00
Section 8 Cluster:		
Vouchers	14.855	245,079.00
Certificates	14.857	51,081.00
Moderate Rehabilitation	14.856	
New Construction	14.182	
Substantial Rehabilitation	14.182	
Total Section 8 Cluster		296,160.00
Comprehensive Grants	14.859	155,417.80
CIAP	14.852	_____
Public Housing Drug Elimination Program:		
PHDEP		
Youth Sports		
Total PHDEP	14.854	_____
Shelter + Care	14.238	_____
HOPE	14.858	_____
HOME	14.239	_____
Child Care Food Program (USDA)	10.558	_____
 TOTAL FEDERAL EXPENDITURES		 763,481.80 =====

NOTE: This schedule of expenditures of federal awards is prepared on the HUD regulatory basis of accounting, which is an other comprehensive basis of accounting.

see notes to financial statements

Housing Authority of the Parish of Sabine
 Many, La 71449
 BALANCE SHEET-HUD Regulatory Basis
 Annual Contributions Contract FW-741, FW-221, & FW-2265
 December 31, 1998

SCHEDULE V

ASSETS	FW-741 LOW RENT	FW-221 EXISTING	FW-2265 VOUCHERS
Cash	17,179.63	7,552.85	70,692.70
Investments	305,447.85	0.00	0.00
Accounts Receivable	3,222.25	4,696.00	13,227.00
Debt Amortization Funds	122,700.10	0.00	0.00
Deferred Charges	37,882.52	0.00	0.00
Land, Structures and Equipment	10,064,282.41	0.00	0.00
TOTAL ASSETS	10,550,714.76	12,248.85	83,919.70
LIABILITIES AND SURPLUS			
LIABILITIES:			
Accounts Payable	17,026.98	3,273.00	8,631.00
Notes Payable	0.00	0.00	0.00
Accrued Liabilities	17,440.37	0.00	0.00
Deferred Credits	1,954.19	0.00	18,866.00
Fixed Liabilities	635,563.84	0.00	0.00
TOTAL LIABILITIES	671,985.38	3,273.00	27,497.00
Surplus	9,878,729.38	8,975.85	56,422.70
TOTAL LIABILITIES AND SURPLUS	10,550,714.76	12,248.85	83,919.70

see notes to financial statements

Housing Authority of the Parish of Sabine
Many, La 71449
STATEMENT OF INCOME AND EXPENSES-PHA OWNED HOUSING
Annual Contributions Contract FW-741
For the year Ended December 31, 1998

SCHEDULE VI
HUD Regulatory Basis

OPERATING INCOME:	
Dwelling Rental	164,596.24
Interest Income	12,702.55
Other Income	7,328.21

Total Operating Income	184,627.00
OPERATING EXPENSES:	
Administration	111,714.91
Tenant Services	1,587.85
Utilities	8,051.53
Ordinary Maintenance and Operations	187,746.20
General Expense	134,742.87
Non-Routine Maintenance	5,912.71

Total Operating Expenses	449,756.07

NET OPERATING DEFICIT	(265,129.07)
OTHER CHARGES:	
Interest on Notes and Bonds	24,229.02
Gain or Loss from Disposition of Nonexpendable Equipment	52,543.97
Prior Period Adjustments Not Affecting residual Receipts	0.00

TOTAL OTHER CHARGES	76,772.99

DEFICIT	(341,902.06)

see notes to financial statements

Housing Authority of the Parish of Sabine

Many, La 71449

SCHEDULE VII

STATEMENT OF INCOME AND EXPENSES-HUD Regulatory Basis

HOUSING ASSISTANCE PAYMENTS PROGRAM

Annual Contributions Contract FW-221 & FW-2265

For the year Ended December 31, 1998

	FW-221 EXISTING	FW-2265 VOUCHERS
Operating Income	300.00	134.00
Total Operating Income	300.00	134.00
Operating Expenses:		
HAP Payments	40,128.00	210,412.00
Administration Expenses	10,953.00	34,367.00
Total Operating Expenses	51,081.00	245,079.00
Net Operating Deficit	(50,781.00)	(244,945.00)
Other Credits:		
Prior Period Adjustments Affecting Residual Receipts	(15.73)	0.00
Deficit	(50,796.73)	(244,945.00)

see notes to financial statements

Housing Authority of the Parish of Sabine
 Many, La 71449
 ANALYSIS OF SURPLUS-HUD Regulatory Basis
 For the year Ended December 31, 1998

SCHEDULE VIII

	FW-741 LOW RENT	FW-221 EXISTING	FW-2265 VOUCHERS
Unreserved Surplus			
Balance Per 12-31-97	(5,439,510.77)	(769,121.44)	(1,216,019.46)
Deficit for Year 12-31-98	(341,902.06)	(50,796.73)	(244,945.00)
Provision Project Account	0.00	(55,139.00)	(21,857.00)
Provision for Operating Reserv	(36,394.93)	2,232.00	2,101.22
Year End Closings	0.00	0.00	0.00
Adjustments During the Year	0.00	(5,427.34)	(6,951.09)
Balance 12-31-98	(5,817,807.76)	(878,252.51)	(1,487,671.33)
Reserved Surplus-Operating Reserve			
Balance 12-31-97	292,858.32	11,207.85	58,523.92
Provision for Operating Reserv	36,394.93	(2,232.00)	(2,101.22)
Balance 12-31-98	329,253.25	8,975.85	56,422.70
Reserved Surplus-Project Account			
Balance 12-31-97	0.00	103,672.00	65,818.21
HUD Adjustments During the Y	0.00	0.00	0.00
Provision for Project Account	0.00	55,139.00	21,857.00
Adjustments During the Year	0.00	0.00	0.00
Balance 12-31-98	0.00	158,811.00	87,675.21
Cumulative HUD Contributions:			
Balance 12-30-97	14,744,655.28	670,908.51	1,157,723.12
Annual Contributions 12-31-98	106,867.87	48,533.00	242,273.00
Operating Subsidy 12-31-98	311,904.00	0.00	0.00
Modernization/Other Grants	157,593.75	0.00	0.00
Adjustments During the Year	0.00	0.00	0.00
Balance 12-31-98	15,321,020.90	719,441.51	1,399,996.12
Cumulative Donations			
Balance 12-31-97	30,318.17	0.00	0.00
Net Additions	15,944.82	0.00	0.00
Balance 12-31-98	46,262.99	0.00	0.00
Total Surplus 12-31-98	9,878,729.38	8,975.85	56,422.70

see notes to financial statements

Housing Authority of the Parish of Sabine

Many, La 71449

PHA's Statement and Certification of Actual Modernization Costs-HUD Regulatory Basis

COMPLETED PROJECT LA48PO7470597

Annual Contributions Contract FW-741

For The Year Ended December 31, 1998

SCHEDULE IX

1. The actual modernization costs of the project are as follows:

	PROJECT LA48PO7470597
Funds Approved	\$271,051.00
Funds Expended	271,051.00
Excess of Funds Approved	----- 0.00 =====
FUNDS ADVANCED	
HUD	271,051.00
Funds Expended	271,051.00
Excess of Funds Advanced	----- 0.00 =====

1. The distribution of costs by project as shown on the Final Statement of Modernization Cost dated 6-1-98 accompanying the Actual Modernization Cost Certificate submitted to HUD for approval is in agreement with the PHA's records.

2. All modernization costs have been paid and all related liabilities have been discharged through payment.

see notes to financial statements

**WILLIAM DANIEL MCCASKILL, CPA
A PROFESSIONAL ACCOUNTING CORPORATION**

415 MAGNOLIA LANE
MANDEVILLE, LOUISIANA 70471

TELEPHONE 504-845-7772
FAX 504-845-1313
CELLULAR 504-674-6498
E-MAIL DANNYMAC@CMQ.COM

MEMBER
LOUISIANA SOCIETY OF CPA's
MISSISSIPPI SOCIETY OF CPA's
AMERICAN INSTITUTE OF CPA's

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

BOARD OF COMMISSIONERS
HOUSING AUTHORITY OF SABINE PARISH
MANY, LOUISIANA

I have audited the financial statements of the Housing Authority of Sabine Parish (PHA), as of and for the year ended December 31, 1998, and have issued my report thereon dated March 16, 1999. 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 PHA's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the PHA's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or 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.

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

March 16, 1999



William Daniel McCaskill, CPA
A Professional Accounting Corporation

**WILLIAM DANIEL MCCASKILL, CPA
A PROFESSIONAL ACCOUNTING CORPORATION**

415 MAGNOLIA LANE
MANDEVILLE, LOUISIANA 70471

TELEPHONE 504-845-7772
FAX 504-845-1313
CELLULAR 504-674-6498
E-MAIL DANNYMAC@CMQ.COM

MEMBER
LOUISIANA SOCIETY OF CPA's
MISSISSIPPI SOCIETY OF CPA's
AMERICAN INSTITUTE OF CPA's

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

BOARD OF COMMISSIONERS
HOUSING AUTHORITY OF SABINE PARISH
MANY, LOUISIANA

Compliance

I have audited the compliance of the Housing Authority of Sabine Parish (PHA) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 1998. the PHA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the PHA's management. My responsibility is to express an opinion on the PHA's compliance based on my audit.

I conducted my audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non Profit Organizations.

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

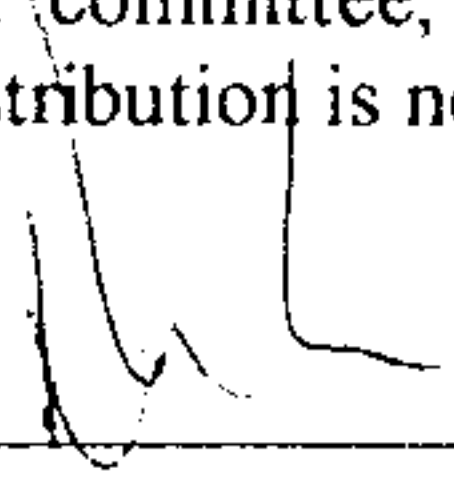
In my opinion, the PHA complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 1998.

Internal Control Over Compliance

The management of the PHA is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered the PHA's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

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



William Daniel McCaskill, CPA
A Professional Accounting Corporation

March 16, 1999

**THE HOUSING AUTHORITY OF SABINE PARISH
MANY, LOUISIANA**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

There were no findings in the prior audit.

THE HOUSING AUTHORITY OF SABINE PARISH
MANY, LOUISIANA

SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS

Per A-133, Section 505(d)

1. Summary Schedule of Auditors Results:

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

CFDA #	Name of Program
14.850	Low Income Housing

- viii. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.00.
- ix. The auditee was considered a low risk auditee.

2. Findings relating to the financial statements required to be reported with GAGAS are as follows:

None

3. Findings and questioned costs for Federal awards as defined in A-133, Section 510a, all with HUD oversight:

None

THE HOUSING AUTHORITY OF SABINE PARISH
MANY, LOUISIANA

CORRECTIVE ACTION PLAN

Our corrective action plan is as follows:

NONE