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**Housing Authority of the Town of Leesville
Leesville, Louisiana**

Financial Statements and Supplemental Financial Information
Year Ended September 30, 1999
with
Reports of Certified Public Accountants
on Financial and Compliance Examination

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 MAY 10 2000

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

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Financial Section

Independent Auditors' Report

Board of Commissioners
Housing Authority of the Town of Leesville
213 Blackburn Ave.
Leesville, LA 71446

We have audited the accompanying general purpose and combining financial statements of Housing Authority of the Town of Leesville as of September 30, 1999, and for the year then ended, as listed in the table of contents. These general purpose and combining financial statements are the responsibility of the authority's management. Our responsibility is to express an opinion on these general purpose and combining financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 we plan and perform the audit to obtain reasonable assurance about whether the general purpose and combining financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose and combining financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose and combining financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose and combining financial statements referred to above present fairly, in all material respects, the financial position of Housing Authority of the Town of Leesville as of September 30, 1999, and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

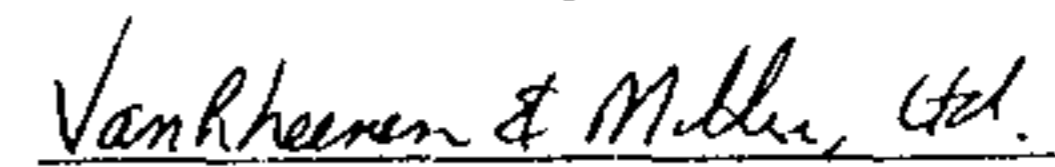
As discussed in Note 7, in 1999 the (Housing Authority of the Town of Leesville) changed its method of presentation of its financial statements from a governmental funds presentation to an enterprise presentation.

In accordance with Government Auditing Standards, we have also issued our report dated January 25, 2000 on our consideration of Housing Authority of the Town of Leesville's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general purpose and combining financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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 and combining financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose and combining financial statements, and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose and combining financial statements taken as a whole.

Our audit was performed for the purpose of forming an opinion on the general purpose and combining financial statements taken as a whole. The accompanying financial information listed as supplemental financial information in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Housing Authority of the Town of Leesville. Such supplemental financial information has been subjected to the auditing procedures applied in the audit of the general purpose and combining financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose and combining financial statements taken as a whole.

January 25, 2000


VanRheenen & Miller, Ltd.
Certified Public Accountant

General Purpose Financial Statements

**Housing Authority of the Town of Leesville
 Combined Balance Sheet - Enterprise Fund
 September 30, 1999**

	<u>Total</u>
<u>Assets</u>	
Current Assets	
Cash	\$ 62,031
Investments	222,415
Accounts receivable, net of allowance for doubtful accounts	491
Due from other programs	20,000
Due from other governments	17,115
Accrued interest receivable	1,767
Other receivables	604
Prepaid expenses	18,164
Inventories, at cost (FIFO)	2,964
Total current assets	345,551
Property and Equipment, at cost:	
Land and improvements	823,138
Buildings	5,601,168
Furniture & equipment - dwellings	129,478
Furniture & equipment - administration	198,253
Construction in progress	313,039
Total property and equipment	7,065,076
Less accumulated depreciation	(4,314,086)
Net property and equipment	2,750,990
 Total Assets	 \$ 3,096,541
 <u>Liabilities and Fund Equity</u>	
Current Liabilities Payable from Current Assets	
Accounts payable	\$ 15,138
Security deposits	15,826
Accrued salaries, wages and payroll taxes	966
Accrued compensated absences	13,597
Due to other programs	20,000
Due to other governments	40,764
Total current liabilities payable from current assets	106,291
Fund Equity	
Contributed capital	2,780,860
Retained earnings:	
Unreserved	209,390
Total fund equity	2,990,250
Total Liabilities and Fund Equity	\$ 3,096,541

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

Housing Authority of the Town of Leesville
Combined Statement of Revenues, Expenses and Changes in Retained Earnings - Enterprise Fund
Year Ended September 30, 1999

	Total
Operating Revenues	
Dwelling rentals	\$ 223,372
Other tenant revenue	11,915
Operating subsidy	202,937
Miscellaneous income	30,860
Total operating revenue	469,084
 Operating Expenses	
Administrative	143,871
Tenant services	14,707
Utilities	62,812
Maintenance costs	141,429
General expenses	41,586
Housing assistance payments	83,947
Depreciation and amortization	334,843
 Total other operating expense	823,195
 Operating Income (Loss)	(354,111)
 Non-Operating Revenues (Expenses)	
Interest income	17,148
 Net income (loss) before cumulative effect of change in accounting principle	(336,963)
 Cumulative effect of change in accounting principle (Note 6)	(11,895)
 Net Income (Loss)	(348,858)
 Depreciation transferred to contributed capital	334,843
 Increase in retained earnings	(14,015)
 Retained Earnings, at Beginning of Year	223,405
 Retained Earnings, at End of Year	\$ 209,390

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

**Housing Authority of the Town of Leesville
 Combined Statement of Cash Flows - Enterprise Fund
 Year Ended September 30, 1999**

Increase (Decrease) in Cash and Cash Equivalents

Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities	
Operating income (loss)	<u>\$ (354,111)</u>
Adjustments Not Affecting Cash	
Depreciation and amortization	334,843
Provision for allowance for doubtful accounts	2,642
Change in Assets and Liabilities	
(Increase) Decrease in accounts receivable - tenants	759
(Increase) Decrease in other receivables	67,260
(Increase) Decrease in inventories	(2,964)
(Increase) Decrease in prepaid expenses	(1,299)
Increase (Decrease) in accounts payable	(18,005)
Increase (Decrease) in compensated absences	(1,703)
Increase (Decrease) in accrued expenses	(1,417)
Increase (Decrease) in security deposits	1,040
Increase (Decrease) in other payables	<u>(61,267)</u>
Total adjustments	<u>319,889</u>
Net Cash Provided by (Used In) Operating Activities	(34,222)
Cash Flows Used by Capital and Related Financing Activities	
Contributions of capital - CIAP projects	103,881
Additions to property and equipment	<u>(113,431)</u>
Net cash flows provided (used) by capital and related financing activities	<u>(9,550)</u>
Cash Flows Provided by Investing Activities	
Purchase of investments	(6,845)
Interest earned on invested cash	<u>17,148</u>
Net cash flows provided by investing activities	<u>10,303</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(33,469)
Cash and Cash Equivalents at Beginning of Year	<u>95,500</u>
Cash and Cash Equivalents at End of Year	<u>\$ 62,031</u>

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

**Housing Authority of the Town of Leesville
Leesville, Louisiana**

**Notes to the Financial Statements
September 30, 1999**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction.

The financial statements of the Housing Authority of the Town of Leesville have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary activities apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low income housing programs in the United States. Accordingly, HUD has contracted with the entity to administer certain HUD funds.

The following is a summary of significant accounting policies:

A. Reporting Entity.

The entity is a public corporation, legally separate, fiscally independent and governed by Board of Commissioners. As required by generally accepted accounting principles, these financial statements present the financial position and results of operations of Housing Authority of the Town of Leesville, a primary government. There are no component units to be included herewith, but this report does include all funds, account groups, and programs which are controlled by the entity's governing body.

B. Basis of Presentation.

Funds and Account Groups. The accounts of the entity are organized on the basis of funds or account groups, each of which is considered to be a separate accounting unit. The operations of each fund are reported as a separate set of self-balancing accounts which are comprised of each fund's assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Resources are allocated to and for individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various accounts are grouped, in the financial statements in this report, into the following categories:

Proprietary Fund Type

Enterprise Fund - Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs and expenses (including depreciation) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges; or (b) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

C. Basis of Accounting.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

The Housing Authority of the Town of Leesville does not utilize encumbrance accounting.

**Housing Authority of the Town of Leesville
Leesville, Louisiana**

**Notes to the Financial Statements
September 30, 1999 (Continued)**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budget.

Enterprise Fund service delivery levels are determined by the extent of consumer demand. Because Enterprise Fund revenues and expenses fluctuate with changing service delivery levels, generally accepted accounting principles do not require the financial statements to include budgetary comparisons and, accordingly, these comparisons have not been included.

E. Assets, Liabilities and Equity.

1. Cash and Cash Equivalents. The Housing Authority of the Town of Leesville defines cash to include certificates of deposit, money market funds, savings accounts, demand deposits, and other short-term securities with maturities of three months or less, consequently, the cost, carrying value, and market value are equivalent. Restricted cash is excluded from cash and cash equivalents.
2. Investments. The authority defines investments to include certificates of deposit with maturities of greater than three months, consequently, the cost, carrying value, and market value are equivalent.
3. Accounts Receivable. Accounts receivable consists of amounts due from tenants for rental, excess utilities and repair charges. The accounts receivable are stated net of an allowance for doubtful accounts of \$2,642.03.
4. Due from Other Governments. Due from other governments consists of amounts due from HUD for operational subsidies. No provisions for an allowance for doubtful accounts has been made since these amounts are considered fully collectible.
5. Inventories. Inventories consists of materials used in the maintenance and repair of the rental dwellings. Inventories are stated at cost determined by the first-in, first-out (FIFO) method.
6. Fixed Assets. Property and equipment purchased or acquired is carried at historical cost in enterprise funds. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Land Improvements	15 Years
Buildings	33 Years
Furniture and equipment - dwelling	7 Years
Furniture and equipment - administrative	3-5 Years
Buildings - refurbishing and improvements	15 Years

7. Construction in Progress. Construction in progress consists of expenditures under HUD's Comprehensive Improvement Assistance Program (CIAP). Certain expenditures under these programs are not capitalizable expenditures, and therefore are expensed as incurred.
8. Security Deposit. Security deposits consists of amounts held in trust with the Housing Authority of the Town of Leesville in order for tenants to secure apartment leases.
9. Accrued Compensated Absences. Accrued compensated absences consists of estimated amounts of future benefits for services rendered.
10. Due to Other Governments. Due to other governments consists of amounts due HUD for overpayments of operating subsidies.

**Housing Authority of the Town of Leesville
Leesville, Louisiana**

**Notes to the Financial Statements
September 30, 1999 (Continued)**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11. Long-term Liabilities. Long-term liabilities expected to be financed from proprietary funds are accounted for in the proprietary fund. Expenditures related to such debt are also included in the proprietary fund.
12. Contributed Capital. An allocable portion of the annual depreciation is charged against contributed capital from grants received to finance construction of the utility system (as per NCGA Statement #2). Consequently, over the useful life of the system, equity initially arising from grants is effectively reclassified prorata-annually into equity arising from retained earnings.

F. Revenues, Expenditures, and Expenses

1. Revenues. All authority revenues are accrued. These revenues consist of user charges for rents, utilities, repairs and other miscellaneous charges. Monies received from customers for security deposits are recorded as a liability upon receipt.
2. Grant Revenue. Grant revenues are recorded when (1) the earnings process is complete or (2) an exchange has taken place and (3) no qualifying restrictions are imposed by the grant.
3. Operating Subsidies. Operating subsidies are accrued. The subsidies are calculated by use of current charges to users.
4. Expenditures. Expenditures are recognized when the liability is incurred.
5. Depreciation. Depreciation expense of \$360,949 has been recognized during the year ended September 30, 1999.
6. Compensated Absences. The authority accrues accumulated unpaid vacation and sick leave when earned by the employee.
7. Income taxes. The authority is not subject to federal or state income taxes.
8. Use of Estimates. The preparation of financial statements in conformity with generally accepted accounting principles as applied to governmental units require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

A. Deposits

It is the entity's policy for deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance. The entity's deposits are categorized to give an indication of the level of risk assumed by the entity at September 30, 1999. The categories are described as follows:

- Category 1 - Insured or collateralized with securities held by the entity or by its agent in the entity's name.
Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
Category 3 - Uncollateralized. (This includes bank balances that are collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the entity's name.)

**Housing Authority of the Town of Leesville
Leesville, Louisiana**

**Notes to the Financial Statements
September 30, 1999 (Continued)**

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Cash Deposits, categorized by level of risk, are:

Total Bank Balances	Category		
	1	2	3
\$ 74,725	\$ 74,725	\$ 0	\$ 0

B. Investments

Investing is performed in accordance with HUD regulations and State Statues. Funds may be invested in the following type of investments:

1. Direct obligations of the United States pledged by its full faith and credit
2. Obligations of Federal government agencies and government sponsored agencies
3. Demand, savings, money-market, certificates of deposit, and Super NOW deposits at commercial banks, mutual savings banks, savings and loan associations and credit unions provided that the entire deposit be insured by the FDIC or the National Credit Union Share Insurance Fund (NCUSIF) and any deposits in excess of insured amounts are adequately collateralized.
4. Certain municipal depository funds and local government investment pools provided that all investments made by these funds or pools are on the HUD-approved list of investment securities. The entity must limit its investments in this category to no more than 30 percent of the entity's available investment funds.
5. Repurchase agreements for a term of 30 days or less entered into with Federally insured depository institutions for purchase and sale of securities identified in 1 and 2 above.
6. Certain no-load, open-end mutual funds investing in only HUD-approved investment securities. The entity must limit its investment in this category to no more than 20 percent of the entity's available investment funds.

The entity's investments are categorized to give an indication of the level of risk assumed by the entity at September 30, 1999. The categories are:

Category 1 - Insured or registered, with securities held by the entity or its agent in the entity's name

Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the entity's name

Category 3 - Uninsured and Unregistered, with securities held by the counterparty, or its trust department or agent but not in the entity's name

Investments, categorized by level of risk, are:

Types of Investments	Category			Fair Value/ Carrying Value	Cost
	1	2	3		
Deposits at federally insured depositories	\$ 225,325	\$ 0	\$ 90	\$ 222,415	\$ 222,415

**Housing Authority of the Town of Leesville
Leesville, Louisiana**

**Notes to the Financial Statements
September 30, 1999 (Continued)**

NOTE 3 - PROPERTY AND EQUIPMENT

Changes in property and equipment are as follows:

	<u>Beg. of Period</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Period</u>
Land & improvements	\$ 1,263,567	\$ 300	\$ (440,729)	\$ 823,138
Buildings	5,392,544	417,507	(208,883)	5,601,168
Construction in progress	659,058	71,788	(417,807)	313,039
Furniture & equip.-dwell.	113,838	15,640	0	129,478
Furniture & equip.-admin.	238,552	1,050	(41,349)	198,253
Total	7,667,559	506,285	(1,108,768)	7,065,076
Accumulated depreciation	<u>(3,979,243)</u>	<u>(334,843)</u>	<u>0</u>	<u>(4,314,086)</u>
Net	<u>\$ 3,688,316</u>	<u>\$ 171,442</u>	<u>\$ (1,108,768)</u>	<u>\$ 2,750,990</u>

Accumulated depreciation amounts have been recorded for September 30, 1998, and for the year ended September 30, 1999 in accordance with the Authority's change to an enterprise fund presentation of its financial statements.

Construction in progress is composed of expenditures related to major renovation of certain buildings owned by the entity, said renovation having a planned total cost of \$350,000.00 to be fully financed by grants from HUD.

All land and buildings are encumbered by a Declaration of Trust in favor of the United States of America as security for obligations guaranteed by the federal government and to protect other interests of the federal government.

NOTE 4 - CONDUIT DEBT OBLIGATIONS

To provide for the development and modernization of low rent housing units, the authority issued New Housing Authority Bonds and Permanent Notes - F.F.B. These bonds and notes are payable by HUD and secured by annual contributions. The bonds and notes do not constitute a debt by the authority and accordingly have not been reported in the accompanying financial statements.

As of September 30, 1999, there was one series of New Housing Authority Bonds outstanding. The aggregate principal amount payable for the Bond series was \$1,382,633. As of September 30, 1999, Permanent Notes - F.F.B. outstanding totaled \$14,855.

NOTE 5 - CONTRIBUTED CAPITAL

Changes in contributed capital are as follows:

Contributed capital - beginning of year	\$ 2,994,707
Capital contributions - HUD	120,996
Less depreciation on assets acquired with proceeds from contributed capital	<u>(334,843)</u>
Contributed capital - September 30, 1999	<u>\$ 2,780,860</u>

**Housing Authority of the Town of Leesville
Leesville, Louisiana**

**Notes to the Financial Statements
September 30, 1999 (Continued)**

NOTE 6 - RETIREMENT PLAN

The entity provides pension benefits for all of its full-time employees through the Housing - Renewal and local Agency Retirement Plan (the "Plan"). The Plan is a single-employer defined contribution plan and is administered by the Housing Authority of the Town of Leesville. The Plan was established January 20, 1975 and is authorized and may be amended by the entity's Board of Commissioners.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate after a six month exclusionary period. The employee contributes 5.0% and the entity contributes 8.5% of the employee's base salary each month. The entity's contributions for each employee (and interest allocated to the employee's account) are vested 20 annually for each year of participation. An employee is fully vested after 5 years of participation.

The entity's total payroll in fiscal year ended September 30, 1999 was \$154,767. The entity's contributions were calculated using the base salary amount of \$126,649. Contributions to the plan were \$6,332 and \$10,765 by the employee and the entity, respectively.

NOTE 7 - CHANGE IN PRESENTATION OF FINANCIAL STATEMENTS

The authority has changed the presentation of its financial statements from a "governmental fund type" presentation to an "enterprise fund" presentation. Management has determined that the "enterprise fund" presentation more clearly represents the operating characteristics of the authority. The U.S. Department of Housing and Urban Development (HUD) has published regulations requiring presentation of the authority financial statements in conformity with generally accepted accounting principles. HUD further expounded on these regulations by indicating that their preferred method of reporting would be the enterprise fund accounting. With all the facts considered above, the authority has determined that the change in presentation is justifiable.

The difference between the "governmental fund type" and enterprise fund accounting include the following:

1. Enterprise fund accounting utilizes a classified balance sheet.
2. Enterprise fund accounting presentation includes a statement of cash flows.
3. Governmental fund accounting presentation includes a budget versus actual comparison.
4. Enterprise fund accounting utilizes full accrual accounting versus the previous use of the modified accrual accounting under governmental fund accounting.
5. Enterprise fund accounting requires that all depreciable property must be depreciated. Under the authority previous governmental fund accounting, no depreciation was recorded.

As a result of the change in presentation, the authority has included the cumulative effect of the change in presentation as a separate caption in the Statement of Revenues, Expense and changes in Retained Earnings - Enterprise Fund before net income (loss).

NOTE 8 - COMMITMENTS

Commitments arise primarily from construction in progress. Commitments at September 30, 1999 are composed of the following:

	Project Authorization	Expended to September 30, 1999	Commitment
CIAP 909	\$ 350,000	\$ 340,799	\$ 9,201
CIAP 910	344,412	7,240	337,172
Total	<u>\$ 694,412</u>	<u>\$ 348,039</u>	<u>\$ 346,373</u>

All project funds are provided by grant from HUD, therefore no additional funding is required to satisfy outstanding commitments at September 30, 1999.

**Housing Authority of the Town of Leesville
Leesville, Louisiana**

**Notes to the Financial Statements
September 30, 1999 (Continued)**

NOTE 9 - CONTINGENCIES

The entity is subject to possible examinations made by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the entity in the current and prior years. These examinations may result in required refunds by the entity to federal grantors and/or program beneficiaries.

Combining Financial Statements

**Housing Authority of the Town of Leesville
Combining Balance Sheet - Enterprise Fund
September 30, 1999**

	Low Rent	Voucher	Total
<u>Assets</u>			
Current Assets			
Cash	\$ 21,314	\$ 40,717	\$ 62,031
Investments	172,325	50,090	222,415
Accounts receivable, net of allowance for doubtful accounts	491	-	491
Due from other programs	-	20,000	20,000
Due from other governments	17,115	-	17,115
Accrued interest receivable	1,767	-	1,767
Other receivables	604	-	604
Prepaid expenses	18,164	-	18,164
Inventories, at cost (FIFO)	2,964	-	2,964
Total current assets	234,744	110,807	345,551
Property and Equipment, at cost:			
Land and improvements	823,138	-	823,138
Buildings	5,601,168	-	5,601,168
Furniture & equipment - dwellings	129,478	-	129,478
Furniture & equipment - administration	195,263	2,990	198,253
Construction in progress	313,039	-	313,039
Total property and equipment	7,062,086	2,990	7,065,076
Less accumulated depreciation	(4,311,096)	(2,990)	(4,314,086)
Net property and equipment	2,750,990	-	2,750,990
Total Assets	\$ 2,985,734	\$ 110,807	\$ 3,096,541
 <u>Liabilities and Fund Equity</u>			
Current Liabilities Payable from Current Assets			
Accounts payable	\$ 15,138	\$ -	\$ 15,138
Security deposits	15,826	-	15,826
Accrued salaries, wages and payroll taxes	966	-	966
Accrued compensated absences	13,597	-	13,597
Due to other programs	20,000	-	20,000
Due to other governments	-	40,764	40,764
Total current liabilities payable from current assets	65,527	40,764	106,291
 Fund Equity			
Contributed capital	2,780,860	-	2,780,860
Retained earnings:			
Unreserved	139,347	70,043	209,390
Total fund equity	2,920,207	70,043	2,990,250
Total Liabilities and Fund Equity	\$ 2,985,734	\$ 110,807	\$ 3,096,541

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

Housing Authority of the Town of Leesville
Combining Statement of Revenues, Expenses and Changes in Retained Earnings - Enterprise Fund
Year Ended September 30, 1999

	<u>Low Rent</u>	<u>Voucher</u>	<u>Total</u>
Operating Revenues			
<i>Dwelling rentals</i>	\$ 223,372	\$ -	\$ 223,372
Other tenant revenue	11,915	-	11,915
Operating subsidy	103,549	99,388	202,937
Miscellaneous income	4,885	25,975	30,860
Total operating revenue	<u>343,721</u>	<u>125,363</u>	<u>469,084</u>
Operating Expenses			
Administrative	141,079	2,792	143,871
Tenant services	14,707	-	14,707
Utilities	62,812	-	62,812
Maintenance costs	141,429	-	141,429
General expenses	41,186	400	41,586
Housing assistance payments	-	83,947	83,947
Depreciation and amortization	334,804	39	334,843
Total other operating expense	<u>736,017</u>	<u>87,178</u>	<u>823,195</u>
Operating Income (Loss)	(392,296)	38,185	(354,111)
Non-Operating Revenues (Expenses)			
Interest income	<u>11,135</u>	<u>6,013</u>	<u>17,148</u>
Net income (loss) before cumulative effect of change in accounting principle	(381,161)	44,198	(336,963)
Cumulative effect of change in accounting principle (Note 6)	<u>(11,895)</u>	<u>-</u>	<u>(11,895)</u>
Net Income (Loss)	(393,056)	44,198	(348,858)
Depreciation transferred to contributed capital	<u>334,804</u>	<u>39</u>	<u>334,843</u>
Increase in retained earnings	(58,252)	44,237	(14,015)
Retained Earnings, at Beginning of Year	<u>197,599</u>	<u>25,806</u>	<u>223,405</u>
Retained Earnings, at End of Year	<u>\$ 139,347</u>	<u>\$ 70,043</u>	<u>\$ 209,390</u>

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

Housing Authority of the Town of Leesville
Combining Statement of Cash Flows - Enterprise Fund
Year Ended September 30, 1999

	<u>Low Rent</u>	<u>Voucher</u>	<u>Total</u>
Increase (Decrease) in Cash and Cash Equivalents			
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities			
Operating income (loss)	\$ (392,296)	\$ 38,185	\$ (354,111)
Adjustments Not Affecting Cash			
Depreciation and amortization	334,804	39	334,843
Provision for allowance for doubtful accounts	2,642	-	2,642
Change in Assets and Liabilities			
(Increase) Decrease in accounts receivable - tenants	759		759
(Increase) Decrease in other receivables	69,114	(1,854)	67,260
(Increase) Decrease in inventories	(2,964)		(2,964)
(Increase) Decrease in prepaid expenses	(1,299)	-	(1,299)
Increase (Decrease) in accounts payable	(18,005)	-	(18,005)
Increase (Decrease) in compensated absences	(1,703)	-	(1,703)
Increase (Decrease) in accrued expenses	(1,417)		(1,417)
Increase (Decrease) in security deposits	1,040	-	1,040
Increase (Decrease) in other payables	15,217	(76,484)	(61,267)
Total adjustments	398,188	(78,299)	319,889
Net Cash Provided by (Used In) Operating Activities	5,892	(40,114)	(34,222)
Cash Flows Used by Capital and Related Financing Activities			
Contributions of capital - CIAP projects	103,881	-	103,881
Additions to property and equipment	(113,431)	-	(113,431)
Net cash flows provided (used) by capital and related financing activities	(9,550)	-	(9,550)
Cash Flows Provided by Investing Activities			
Purchase of investments	(6,755)	(90)	(6,845)
Interest earned on invested cash	11,135	6,013	17,148
Net cash flows provided by investing activities	4,380	5,923	10,303
Net Increase (Decrease) in Cash and Cash Equivalents	722	(34,191)	(33,469)
Cash and Cash Equivalents at Beginning of Year	20,592	74,908	95,500
Cash and Cash Equivalents at End of Year	\$ 21,314	\$ 40,717	\$ 62,031

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

Supplemental Financial Information

Housing Authority of the Town of Leesville
Financial Data Schedule
Balance Sheet
September 30, 1999

Line Item #	Account Description	Low Rent 14,850	Section 8 Rental Voucher	CIAP 14,852	TOTAL
ASSETS:					
CURRENT ASSETS:					
Cash:					
111	Cash - unrestricted	21,314	40,717		62,031
112	Cash - restricted - modernization and development	-	-		-
113	Cash - other restricted	-	-		-
114	Cash - tenant security deposits	-	-		-
100	Total cash	21,314	40,717	-	62,031
Accounts and notes receivables:					
121	Accounts receivable - PHA projects				-
122	Accounts receivable - HUD other projects		17,115		17,115
124	Accounts receivable - other government				-
125	Accounts receivable - miscellaneous	604			604
126	Accounts receivable- tenants - dwelling rents	3,133			3,133
126.1	Allowance for doubtful accounts - dwelling rents	(2,642)			(2,642)
126.2	Allowance for doubtful accounts - other				-
127	Notes and mortgages receivable- current				-
128	Fraud recovery				-
128.1	Allowance for doubtful accounts - fraud				-
129	Accrued interest receivable	1,767			1,767
120	Total receivables, net of allowances for doubtful accounts	2,862	-	17,115	19,977
Current investments					
131	Investments - unrestricted	172,325	50,090		222,415
132	Investments - restricted				-
142	Prepaid expenses and other assets	18,164			18,164
143	Inventories	2,964			2,964
143.1	Allowance for obsolete inventories				-
144	Interprogram - due from	9,395	20,000		29,395
146	Amounts to be provided				-
150	TOTAL CURRENT ASSETS	227,024	110,807	17,115	354,946
NONCURRENT ASSETS:					
Fixed assets:					
161	Land	823,138			823,138
162	Buildings	5,601,168			5,601,168
163	Furniture, equipment & machinery - dwellings	129,478			129,478

Housing Authority of the Town of Leesville
 Financial Data Schedule
 Balance Sheet
 September 30, 1999

Line Item #	Account Description	Low Rent 14,850	Section 8 Rental Voucher	CIAP 14,852	TOTAL
164	Furniture, equipment & machinery - administration	195,263	2,990		198,253
165	Leasehold improvements				
166	Accumulated depreciation	(4,311,096)	(2,990)		(4,314,086)
	Total fixed assets, net of accumulated depreciation	2,437,951	-	-	2,437,951
	Other non-current assets:				
171	Notes and mortgages receivable - non-current				
172	Notes and mortgages receivable-non-current - past due				
174	Other assets		313,039		313,039
175	Undistributed debits				
176	Investment in joint ventures				
180	TOTAL NONCURRENT ASSETS	2,437,951	-	313,039	2,750,990
190	TOTAL ASSETS	2,664,975	110,807	330,154	3,105,936
	LIABILITIES AND EQUITY:				
	Liabilities:				
	Current Liabilities:				
311	Bank overdraft				
312	Accounts payable < 90 days	7,418			7,418
313	Accounts payable > 90 days past due			7,720	7,720
321	Accrued wage/payroll taxes payable	966			966
322	Accrued compensated absences	13,597			13,597
324	Accrued contingency liability				
325	Accrued interest payable				
331	Accounts Payable - HUD PHA Programs		40,764		40,764
332	Accounts Payable - PHA projects				
333	Accounts payable - other government				
341	Tenant security deposits	15,826			15,826
342	Deferred revenue				
343	Current portion of L-T debt - capital projects				
344	Current portion of L-T debt - operating borrowings				
345	Other current liabilities				
346	Accrued liabilities - other				
347	Interprogram - due to	20,000		9,395	29,395
310	TOTAL CURRENT LIABILITIES	57,807	40,764	17,115	115,686
	NONCURRENT LIABILITIES:				
351	Long-term debt, net of current - capital projects				

Housing Authority of the Town of Leesville
 Financial Data Schedule
 Balance Sheet
 September 30, 1999

Line Item #	Account Description	Low Rent 14,850	Section 8 Rental Voucher	CIAP 14,852	TOTAL
352	Long-term debt, net of current - operating borrowings	-	-	-	-
353	Non-current liabilities- other	-	-	-	-
350	TOTAL NONCURRENT LIABILITIES	-	-	-	-
300	TOTAL LIABILITIES	57,807	40,764	17,115	115,686
EQUITY:					
501	Investment in general fixed assets	-	-	-	-
Contributed Capital:					
502	Project notes (HUD)	-	-	-	-
503	Long-term debt - HUD guaranteed	-	-	-	-
504	Net HUD PHA contributions	2,467,821	-	313,039	2,780,860
505	Other HUD contributions	-	-	-	-
507	Other contributions	-	-	-	-
508	Total contributed capital	2,467,821	-	313,039	2,780,860
Reserved fund balance:					
509	Reserved for operating activities	-	-	-	-
510	Reserved for capital activities	-	-	-	-
511	Total reserved fund balance	-	-	-	-
512	Undesignated fund balance/retained earnings	139,347	70,043	-	209,390
513	TOTAL EQUITY	2,607,168	70,043	313,039	2,990,250
600	TOTAL LIABILITIES AND EQUITY	2,664,975	110,807	330,154	3,105,936
Proof of concept					

Housing Authority of the Town of Leesville
Financial Data Schedule
Income Statement
Year Ended September 30, 1999

Line Item #	Account Description	Low Rent		Voucher		CIAP		TOTAL
		14,850	Program 14,855	Program 14,855	14,852	14,852	14,852	
REVENUE:								
703	Net tenant rental revenue	223,372						223,372
704	Tenant revenue - other	11,915						11,915
705	Total tenant revenue	235,287						235,287
706	HUD PIIA grants	103,549		99,388		35,000		237,937
708	Other government grants							-
711	Investment income - unrestricted	11,135		6,013				17,148
712	Mortgage interest income							-
714	Fraud recovery							-
715	Other revenue	4,885		25,975				30,860
716	Gain or loss on sale of fixed assets							-
720	Investment income - restricted							-
0								-
700	TOTAL REVENUE	354,856	131,376	131,376	35,000	35,000		521,232
EXPENSES:								
Administrative								
911	Administrative salaries	70,111						70,111
912	Auditing fees	2,000		590				2,590
913	Outside management fees							-
914	Compensated absences	1,703						1,703
915	Employee benefit contributions- administrative	18,929						18,929
916	Other operating- administrative	48,336		2,202				50,538
Tenant services								
921	Tenant services - salaries	11,742						11,742
922	Relocation costs							-
923	Employee benefit contributions- tenant services	2,965						2,965
924	Tenant services - other							-
Utilities								
931	Water	11,824						11,824
932	Electricity	9,584						9,584
933	Gas	32,298						32,298
934	Fuel							-
935	Labor							-
937	Employee benefit contributions- utilities							-
938	Other utilities expense	9,106						9,106
Ordinary maintenance & operation								

Housing Authority of the Town of Leesville
Financial Data Schedule
Income Statement
Year Ended September 30, 1999

Line Item #	Account Description	Low Rent 14,850	Voucher Program 14,855	CIAP 14,852	TOTAL
941	Ordinary maintenance and operations - labor	60,698			60,698
942	Ordinary maintenance and operations - materials & other	27,185			27,185
943	Ordinary maintenance and operations - contract costs	37,607			37,607
945	Employee benefit contributions- ordinary maintenance	15,939			15,939
	Protective services				
951	Protective services - labor				
952	Protective services- other contract costs				
953	Protective services - other				
955	Employee benefit contributions- protective services				
	General expenses				
961	Insurance premiums	32,708	400		33,108
962	Other general expenses				
963	Payments in lieu of taxes				
964	Bad debt - tenant rents	8,478			8,478
965	Bad debt- mortgages				
966	Bad debt - other				
967	Interest expense				
968	Severance expense	401,213	3,192		404,405
969	TOTAL OPERATING EXPENSES	(46,357)	128,184	35,000	116,827
970	EXCESS OPERATING REVENUE OVER OPERATING EXPENSES				
	Extraordinary maintenance				
971	Extraordinary maintenance				
972	Casualty losses - non capitalized		83,947		83,947
973	Housing assistance payments		39		39
974	Depreciation expense	334,804			334,804
975	Fraud losses				
976	Capital outlays- governmental funds				
977	Debt principal payment- governmental funds				
978	Dwelling units rent expense				
900	TOTAL EXPENSES	736,017	87,178		823,195
	OTHER FINANCING SOURCES (USES)				
1001	Operating transfers in	35,000			35,000
1002	Operating transfers out			(35,000)	(35,000)
1003	Operating transfers from/to primary government				
1004	Operating transfers from/to component unit				

Housing Authority of the Town of Leesville
Financial Data Schedule
Income Statement
Year Ended September 30, 1999

Line Item #	Account Description	Low Rent 14,850	Voucher Program 14,855	CIAP 14,852	TOTAL
1005	Proceeds from notes, loans and bonds				-
1006	Proceeds from property sales				-
1010	TOTAL OTHER FINANCING SOURCES (USES)	35,000	-	(35,000)	-
1000	EXCESS (DEFICIENCY) OF TOTAL REVENUE OVER (UNDER) TOTAL EXPENSES	(346,161)	44,198	-	(301,963)
MEMO ACCOUNT INFORMATION:					
1101	Capital contributions				-
1102	Debt principal payments - enterprise funds				-
1103	Beginning equity	6,559,340	25,845	313,039	6,898,224
1104	Prior period adjustments and equity transfers	(3,606,011)			(3,606,011)
1105	Changes in compensated absence liability (in the GLTDAG)				-
1106	Changes in contingent liability balance (in the GLTDAG)				-
1107	Changes in unrecognized pension transition liability in the GLTDAG				-
1108	Changes in special term/severance benefits liability (in the GLTDAG)				-
1109	Changes in allowance for doubtful accounts - dwelling rents				-
1110	Changes in allowance for doubtful accounts - other				-
1112	Depreciation "add back"	334,804	39		334,843
1113	Maximum annual contributions commitment (per ACC)		176,249		
1114	Prorata maximum annual contributions applicable to a period of less than twelve months				
1115	Contingency reserve, ACC program reserve				
1116	Total annual contributions available	2,316	672		2,988
1120	Unit months available		436		436
1121	Number of unit months leased				
Equity Roll Forward Test					
Calculation from R/E Statement		2,607,168	70,043	313,039	
B/S Line 513		2,607,168	70,043	313,039	

Housing Authority of the Town of Leesville
 Schedule of Expenditures of Federal Awards
 Year Ended September 30, 1999

Federal Grantor/Program Title	Grant ID Number	Federal CFDA Number	Current Year Program or Award Amount	Balance Beginning of Year - Cash/Receivable/(Payable)	Grant Receipts or Revenue Recognized	Grant Disbursements/Expenditures	Balance End of Year Cash/Receivable/(Payable)
U.S. Department of Housing and Urban Development							
Direct Programs:							
Low - Income Housing	FW-1364	14.850	\$ 103,549	-	\$ 103,549	\$ 103,549	-
Section 8 Rental Voucher	LA-111VO	14.855	99,388	(26,011)	114,141	99,388	(40,764)
CIAP	FW-1364	14.852	350,000	43,216	165,084	138,981	17,115
Total HUD and Grand Total			\$ 552,937	\$ 17,207	\$ 382,774	\$ 341,918	\$ (23,649)

See Note 1 to Financial Statements for a discussion of accounting principles applied to this statement.

See Notes to Financial Statements.

Non-Financial Section

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of General Purpose and Combining Financial Statements Performed in Accordance with Government Auditing Standards

Board of Commissioners
Housing Authority of the Town of Leesville
213 Blackburn Ave.
Leesville, LA 71446

We have audited the general purpose and combining financial statements of Housing Authority of the Town of Leesville as of and for the year ended September 30, 1999, and have issued our report thereon dated April 19, 2000. Our report on the general purpose and combining financial statements included an explanatory paragraph which described a change in presentation of the financial statements, disclosed in Note 5 to the financial statements, from a "governmental funds" presentation to an "enterprise fund" presentation. We conducted our 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 Housing Authority of the Town of Leesville's general purpose and combining financial statements are free of material misstatement, we 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 our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings and *questioned costs as items 99-1*.

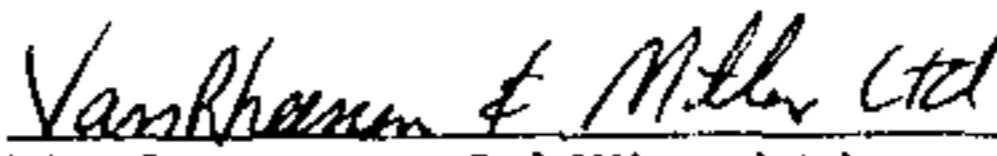
Internal Control Over Financial Reporting

In planning and performing our audit, we considered Housing Authority of the Town of Leesville's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose and combining financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Housing Authority of the Town of Leesville's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 99-1.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 99-1 to be a material weakness.

This report is intended for the information of the Board of Commissioners, management and federal awarding and pass-through agencies and is not intended to be and should not be used by anyone other than these restricted parties.

January 25, 2000


VanRheenen & Miller, Ltd.
Certified Public Accountants

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 the Town of Leesville
213 Blackburn Ave.
Leesville, LA 71446

Compliance

We have audited the compliance of Housing Authority of the Town of Leesville 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 September 30, 1999. Housing Authority of the Town of Leesville'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 authority's management. Our responsibility is to express an opinion on Housing Authority of the Town of Leesville's compliance based on our audit.

We conducted our 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 we 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 Housing Authority of the Town of Leesville's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Housing Authority of the Town of Leesville's compliance with those requirements.

In our opinion, Housing Authority of the Town of Leesville 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 September 30, 1999.

Internal Control Over Compliance

The management of Housing Authority of the Town of Leesville 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 our audit, we considered Housing Authority of the Town of Leesville's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our 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. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Commissioners, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

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

January 25, 2000

**Housing Authority of the Town of Leesville
Leesville, Louisiana**

**Schedule of Findings and Questioned Costs
Year Ended September 30, 1999**

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the general purpose financial statements of Housing Authority of the Town of Leesville.
2. One reportable condition relating to the audit of the general purpose financial statements is reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of General Purpose Financial Statements Performed in Accordance with Government Auditing Standards.
3. *One instance of noncompliance material to the general purpose financial statements of Housing Authority of the Town of Leesville was disclosed during this audit.*
4. No reportable conditions relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for the Housing Authority of the Town of Leesville expresses an unqualified opinion.
6. *There are no audit findings relative to the major federal award programs for Housing Authority of the Town of Leesville reported in Part C. of this Schedule.*
7. The programs identified as major programs included: Public and Indian Housing- Comprehensive Improvement Assistance Program, CFDA #14.852.
8. The threshold for distinguishing Types A and B programs was \$300,000.00.
9. Housing Authority of the Town of Leesville was determined to be a low-risk auditee.

FINDINGS - FINANCIAL STATEMENTS AUDIT

99-1 Late Submission of Audit Report

Criteria: Louisiana Revised Statutes (LSA-RS) 24:513 requires governmental audits to be submitted to the Legislative Auditor within six months after the fiscal year end.

Condition: The audit report was not submitted by March 31, 2000 in accordance with state law.

Effect: The Authority may be found in non-compliance with LSA-RS 24:513 and be subject to certain fines and other corrective action.

Recommendation: The Authority should submit its audit report within the statutory defined time frame.

Response: We have submitted the required report. We will insure that all future required reports will be submitted to the Legislative Auditor within the required time frame.

Housing Authority of the Town of Leesville
Leesville, Louisiana

Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 1999

C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAMS AUDIT

NONE

Questioned
Costs

**Housing Authority of the Town of Leesville
Leesville, Louisiana**

**Summary Schedule of Prior Audit Findings
Year Ended September 30, 1999**

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

1996 - FINDING NO.1

TENANT FILES

Condition: This finding was a reportable condition stating a deficiency in the documentation of Form HUD-9886.

Recommendation: The auditor recommended a thorough review of tenants' files should be made for the purpose of eliminating the deficiencies.

Current Status: No similar findings were noted in the 1999 audit.