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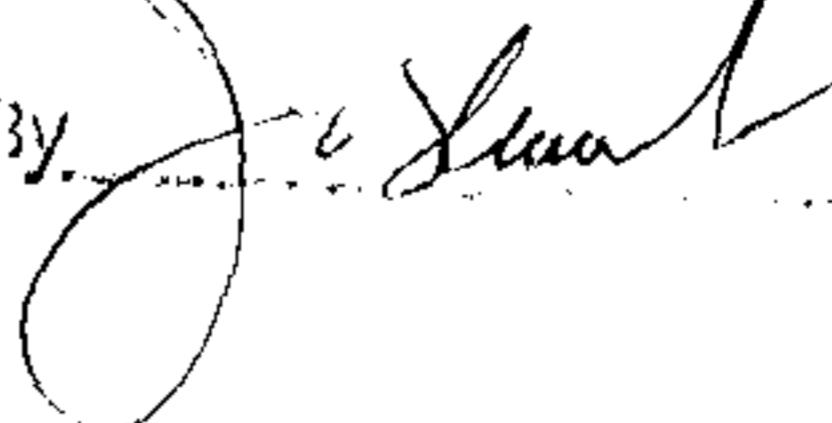
**Housing Authority of the Town of Leesville  
Leesville, Louisiana**

Financial Statements and Supplemental Financial Information  
Year Ended September 30, 1998  
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 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 APR 28 1999

Receipt Acknowledged  
Legislative Auditor

By 

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 Avenue  
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, 1998, and for the year then ended, as listed in the table of contents. These general purpose and combining financial statements, the schedule of expenditures of federal awards, and the supplemental financial information - statutory basis referred to below 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, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated January 27, 1999 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.

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.

The accompanying financial information listed as supplemental financial information - statutory basis 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. As described in Note 1, the supplemental financial information - statutory basis was prepared in conformity with the accounting practices prescribed by the U.S. Department of Housing and Urban Development, which is a comprehensive basis of accounting other than generally accepted accounting principles. Such supplemental financial information - statutory basis 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 conformity with the comprehensive basis of accounting described in Note 1.

January 27, 1999

  
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VanRheenen & Miller, Ltd.  
Certified Public Accountants

GENERAL PURPOSE FINANCIAL STATEMENTS

Housing Authority of the Town of Leesville  
Leesville, Louisiana

Combined Balance Sheet - All Fund Types and Account Groups  
September 30, 1998

	Governmental Fund Types			Account Groups			Memo Totals 1997
	Special Revenue	Debt Service	Capital Projects	General Fixed Assets	General Long-term Debt	Memo Totals 1998	
<b>Assets and Other Debits</b>							
Assets:							
Cash	\$ 95,499.52	\$ -	\$ -	\$ -	\$ -	\$ 95,499.52	\$ 181,599.07
Investments	215,569.98	-	-	-	-	215,569.98	210,173.98
Receivables:							
Accounts	3,892.27	-	-	-	-	3,892.27	514.72
Other governments	-	176,948.14	45,775.02	-	-	222,723.16	178,226.61
Other	18,146.12	-	-	-	-	18,146.12	18,146.12
Due from other funds	45,775.02	-	-	-	-	45,775.02	7,210.83
Prepaid items	16,864.99	-	-	-	-	16,864.99	18,184.18
Restricted assets:							
Cash	-	4,503.45	-	-	-	4,503.45	4,631.05
Fixed assets	-	-	-	7,667,559.12	-	7,667,559.12	7,268,340.70
Other debits:							
Amount available in debt service fund	-	-	-	-	181,451.59	181,451.59	181,579.19
Amount to be provided for retirement of general long term debt	-	-	-	-	1,322,354.05	1,322,354.05	1,407,386.06
<b>Total Assets and Other Debits</b>	<b>\$ 395,747.90</b>	<b>\$ 181,451.59</b>	<b>\$ 45,775.02</b>	<b>\$ 7,667,559.12</b>	<b>\$ 1,503,805.64</b>	<b>\$ 9,794,339.27</b>	<b>\$ 9,475,992.51</b>
<b>Liabilities, Equity, and Other Credits</b>							
Liabilities:							
Accounts payable:							
Trade	\$ 33,142.82	\$ -	\$ -	\$ -	\$ -	\$ 33,142.82	\$ 7,932.49
Other governments	67,796.13	-	-	-	-	67,796.13	138,608.41
Payroll taxes withheld and accrued	2,382.79	-	-	-	-	2,382.79	-
Security deposits	14,786.00	-	-	-	-	14,786.00	15,225.00
Due to other funds	-	-	45,775.02	-	-	45,775.02	7,210.83
Deferred revenue	54,234.68	-	-	-	-	54,234.68	770.34
Fixed liabilities	-	-	-	-	1,503,805.64	1,503,805.64	1,588,965.25
<b>Total liabilities</b>	<b>172,342.42</b>	<b>-</b>	<b>45,775.02</b>	<b>-</b>	<b>1,503,805.64</b>	<b>1,721,923.08</b>	<b>1,758,712.32</b>
Equity and Other Credits:							
Investment in general fixed assets	-	-	-	7,667,559.12	-	7,667,559.12	7,268,340.70
Fund balances:							
Reserved for debt service	-	181,451.59	-	-	-	181,451.59	181,579.19
Reserved for prepaids	16,864.99	-	-	-	-	16,864.99	18,184.18
Unreserved, undesignated	206,540.49	-	-	-	-	206,540.49	249,176.12
<b>Total Equity and Other Credits</b>	<b>223,405.48</b>	<b>181,451.59</b>	<b>-</b>	<b>7,667,559.12</b>	<b>-</b>	<b>8,072,416.19</b>	<b>7,717,280.19</b>
<b>Total Liabilities, Equity and Other Credits</b>	<b>\$ 395,747.90</b>	<b>\$ 181,451.59</b>	<b>\$ 45,775.02</b>	<b>\$ 7,667,559.12</b>	<b>\$ 1,503,805.64</b>	<b>\$ 9,794,339.27</b>	<b>\$ 9,475,992.51</b>

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

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

**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances -  
All Governmental Fund Types  
Year Ended September 30, 1998**

	Governmental Fund Types			Memo Totals 1998	Memo Totals 1997
	Special Revenue	Debt Service	Capital Projects		
Revenues:					
Rents	\$ 226,630.57	\$ -	\$ -	\$ 226,630.57	\$ 235,738.62
Charges for services	16,643.38	-	-	16,643.38	10,969.05
Operational subsidies/grants	217,865.27	176,948.14	381,928.49	776,741.90	707,907.20
Interest	15,670.09	-	-	15,670.09	9,569.85
Miscellaneous	7,328.83	-	-	7,328.83	18,290.37
<b>Total Revenues</b>	<u>484,138.14</u>	<u>176,948.14</u>	<u>381,928.49</u>	<u>1,043,014.77</u>	<u>982,475.09</u>
Expenditures					
Current:					
Housing operations	404,543.81	-	-	404,543.81	376,120.34
Housing assistance	76,321.27	-	-	76,321.27	79,728.18
Capital outlay	47,227.88	-	381,928.49	429,156.37	261,611.28
Debt service					
Principal	-	86,221.80	-	86,221.80	81,460.10
Interest	-	90,853.94	-	90,853.94	95,628.22
<b>Total Expenditures</b>	<u>528,092.96</u>	<u>177,075.74</u>	<u>381,928.49</u>	<u>1,087,097.19</u>	<u>894,548.12</u>
Other Financing Sources (Uses)					
Operating transfers in	-	-	-	-	50,000.00
Operating transfers out	-	-	-	-	(50,000.00)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues (Sources) over (under) Expenditures (Uses)	(43,954.82)	(127.60)	-	(44,082.42)	87,926.97
Fund balances, beginning of period	267,360.30	181,579.19	-	448,939.49	361,012.52
<b>Fund Balance, end of period</b>	<u>\$ 223,405.48</u>	<u>\$ 181,451.59</u>	<u>\$ -</u>	<u>\$ 404,857.07</u>	<u>\$ 448,939.49</u>

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

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

**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Budget and Actual - All Governmental Fund Types  
Year Ended September 30, 1998**

	Special Revenue Funds		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Rents	\$ 252,420.00	\$ 226,630.57	\$ (25,789.43)
Charges for services	52,950.00	16,643.38	(36,306.62)
Operational subsidies/grants	243,876.00	217,865.27	(26,010.73)
Interest	3,370.00	15,670.09	12,300.09
Miscellaneous	1,035.71	7,328.83	6,293.12
	553,651.71	484,138.14	(69,513.57)
Total Revenues			
Expenditures			
Current:			
Administrative salaries	68,100.00	67,804.81	295.19
Professional fees	10,215.00	10,744.90	(529.90)
Travel	31,786.00	31,184.81	601.19
Sundry administration	13,016.00	17,521.45	(4,505.45)
Tenant services	10,000.00	12,002.78	(2,002.78)
Utilities	91,730.00	67,104.61	24,625.39
Maintenance salaries	68,700.00	66,347.60	2,352.40
Maintenance materials	27,740.00	22,642.03	5,097.97
Other maintenance costs	40,400.00	37,069.49	3,330.51
Protective services	5,000.00	-	5,000.00
Insurance	39,920.00	41,049.04	(1,129.04)
PILOT	17,770.00	-	17,770.00
Employee benefits	46,070.00	28,694.31	17,375.69
Collection losses	-	2,377.31	(2,377.31)
Miscellaneous	-	0.67	(0.67)
Housing assistance payments	99,366.00	76,321.27	23,044.73
Capital expenditures	33,540.00	47,227.88	(13,687.88)
	603,353.00	528,092.96	75,260.04
Total Expenditures			
Excess of Revenues over (under) Expenditures	\$ (49,701.29)	(43,954.82)	\$ 5,746.47
Fund balances, beginning of period		267,360.30	
Fund Balance, end of period		\$ 223,405.48	

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



Housing Authority of the Town of Leesville  
Leesville, Louisiana

Notes to the Financial Statements  
September 30, 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction.

The financial statements of the entity 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. The entity is chartered as a public corporation for the purpose of administering housing programs for low income families.

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.

1. 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:

Governmental Fund Types

Special revenue fund - The special revenue funds are used to account for specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Debt service fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term principal, interest, and related costs.

Capital projects fund - The capital projects fund is used to account for financial resources to be used for the acquisition, construction, and major renovation of major capital facilities.

Account Groups

The account groups are used to account for fixed assets and long-term liabilities which are not reported in the respective governmental funds.

2. Comparative Data. Comparative total data for the prior year have been presented in some accompanying financial statements in order to provide an understanding of changes in the entity's financial position and operations. However, comparative data by fund type have not been presented in each of the statements since inclusion of such data would make the statements unduly complex and difficult to read.

Housing Authority of the Town of Leesville  
Leesville, Louisiana

Notes to the Financial Statements (Continued)  
September 30, 1998

3. Total Columns on Combined Statements. Total columns on the combined statements are captioned Memo Totals 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 generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.
4. Land, Structures, and Equipment. Land, structures and equipment used in governmental fund type operations are accounted for in the General Fixed Assets Account Group. No depreciation has been provided on such assets. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated fair value on the date donated. The entity does not capitalize any "infrastructure" assets (streets, curbs, sidewalks, drainage system, and similar assets that are immovable) which are paid for by the entity.
5. Capitalized Interest. During project development, interest expenditures were capitalized under pre-1987 financing arrangements. Post-1986 capital projects are being financed by grants from HUD. Consequently, there are no interest expenditures to capitalize. Subsequent to financed developments, interest expenditures are not accrued but are recorded when paid.
6. Long-term Liabilities. Long-term liabilities expected to be financed from governmental fund types are accounted for in the General Long-Term Debt Account Group. Expenditures related to such debt are reflected in the Debt Service Fund.
7. Fund Balance Reservations. Special reporting treatment is also applied in governmental funds when prepaid items are present to indicate that they do not represent "available spendable resources", even though they are a component of net current assets. Such amounts are offset by fund balance reserve accounts.

C. Basis of Accounting.

1. Modified Accrual Basis of Accounting. All governmental fund types are accounted for using the modified accrual basis of accounting. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. All significant revenue sources are susceptible to accrual.

Expenditures in governmental fund types are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) accumulated unpaid vacation and sick pay which are not accrued, and (2) principal and interest on general long-term debt which is reported as expenditures in the year due.

The entity does not utilize encumbrance accounting.

2. Supplemental Financial Information - Statutory Basis. The supplemental financial information - statutory basis has been prepared in conformity with the accounting practices prescribed by HUD, which differ from generally accepted accounting principles as follows:
  - a. Governmental fund accounting principles are not utilized.
  - b. Accounts receivable are stated without an allowance for doubtful accounts. Accounts are written off as collection losses only after the tenant has vacated the unit and the entity has taken reasonable actions to collect.
  - c. Annual Contributions and subsidies earned and/or received from HUD are recorded as contributions to surplus and are not included in the Statement of Income and Expenses.
  - d. Items of routinely recurring expenses are recognized when paid and are therefore not accrued.
  - e. Premiums and/or discounts on bonds are recognized in income or expense in the year bonds are sold.
  - f. The cost of accumulated unpaid vacation and sick leave is not accrued.

Housing Authority of the Town of Leesville  
Leesville, Louisiana

Notes to the Financial Statements (Continued)  
September 30, 1998

- g. Financial statement formats vary from GAAP.
- h. The entity does not utilize encumbrance accounting.
- i. Expenditures under HUD's Comprehensive Improvements Assistance Program (CIAP) and similar forerunner programs are fully capitalized, notwithstanding the fact that expenditures are normally a mixture of repairs, replacements and improvements. Consequently, some amounts represented as Fixed Assets may include costs substantially in excess of value.
- j. During project development, interest expenditures are capitalized under pre-1987 financing agreements. Post-1986 capital projects are being financed by grants from HUD. Consequently, there are no interest expenditures to capitalize. Subsequent to completion of Pre-1987 financed developments, interest expenditures are not accrued but are recognized when paid.

D. Budgetary Data.

- 1. Budget Policy and Practice. The entity follows these procedures in establishing the budgetary data reflected in the financial statements:
  - a. The entity prepares annual budgets for each fund (except Debt Service Fund and the Capital Projects Fund). Prior to the beginning of each budget year, the entity's annual budget is approved by the entity's governing body. Budgetary amendments require approval by the governing body. Budget amounts shown in the financial statements are the final authorized amounts for the year. All budgetary appropriations lapse at the end of each fiscal year.
  - b. Budgets for the Capital Projects Fund are prepared on a project-life basis rather than on an annual basis and, therefore, have been omitted from the accompanying financial statements.
  - c. Budgets for the Debt Service Fund are not prepared inasmuch as all revenues and expenditures of this fund are controlled by and processed by HUD. The entity records Debt Service Fund transactions from documents supplied by HUD.
- 2. Encumbrances. Encumbrance accounting is not utilized by the entity.
- 3. Budget Basis of Accounting. The budgets are prepared on the statutory basis of accounting as prescribed by HUD.

E. Assets, Liabilities and Fund Equity.

- 1. Cash and Cash Equivalents. The entity 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.
- 2. Investments. The entity defines investments to include certificates of deposit with maturities of greater than three months. Consequently, the cost, carrying value, and market value are equivalent.

F. Revenue, Expenditures and Expenses.

- 1. Compensated Absences. Vested and earned vacation and sick leave that are not accrued are reported in the general long-term debt account group. No expenditure is reported for those amounts. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.
- 2. Income Taxes. The entity is not subject to federal or state income taxes.

Housing Authority of the Town of Leesville  
Leesville, Louisiana

Notes to the Financial Statements (Continued)  
September 30, 1998

**NOTE 2 - DEPOSITS AND INVESTMENTS**

**A. Deposits**

It is the entity's policy for deposits to be 100% 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, 1998. 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.)

Cash Deposits, categorized by level of risk, are:

Total Bank Balances	Category		
	1	2	3
\$ 115,937.45	\$ 115,937.45	\$ .00	\$ .00

**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, 1998. The categories are:

Housing Authority of the Town of Leesville  
Leesville, Louisiana

Notes to the Financial Statements (Continued)  
September 30, 1998

- 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	\$ 215,383.47	\$ .00	\$ 186.51	\$ 215,569.98	\$ 215,569.98

**NOTE 3 - RESTRICTED CASH**

Restricted cash consists of the following:

	Owned Housing Program
Debt Service Fund	\$ 4,503.45

**NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES**

The following schedule as of September 30, 1998 represents interfund receivables and payables:

Fund Type	Interfund Receivables	Interfund Payables
Special Revenue:		
Owned Housing	\$ 45,775.02	\$ .00
Capital Projects	.00	45,775.02
Total	\$ 45,775.02	\$ 45,775.02

**NOTE 5 - FIXED ASSETS**

Changes in fixed assets are as follows:

	Beg. of Period	Additions	Deletions	End of Period
Land, land impvts.	\$ 1,263,566.99	\$ .00	\$ .00	\$ 1,263,566.99
Building	5,392,544.23	.00	.00	5,392,544.23
Equipment	335,099.82	47,227.88	(29,937.95)	352,389.75
Const. in progress	277,129.66	381,928.49	.00	659,058.15
Total	\$ 7,268,340.70	\$ 429,156.37	\$ (29,937.95)	\$ 7,667,559.12

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 \$850,000.00 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.

Housing Authority of the Town of Leesville  
Leesville, Louisiana

Notes to the Financial Statements (Continued)  
September 30, 1998

**NOTE 6 - FIXED LIABILITIES**

Fixed liabilities consist of the following:

	Interest Rate	Principal Balance
Payroll related costs		\$ 15,300.06
FFB note dated September 7, 1983	6.60%	8,883.77
FFB note dated September 7, 1983	6.60%	16,948.61
Bonds payable, August 1, 1970 series	5.75%	1,462,673.20
Total		\$ 1,503,805.64

The Federal Financing Bank note is payable in annual installments of \$12,862.80, including principal and interest. All annual installments to maturity are payable by HUD. The note matures November 1, 2000.

The bonds mature in series annually in varying amounts with the final maturity date in 2011. All required debt service to maturity on the bonds, including principal and interest, is payable by HUD under a debt service contract with the entity.

Changes in fixed liabilities are as follows:

	FFB Notes	Bonds	Payroll Related Costs
Balance, beginning of period	\$ 36,130.56	\$ 1,538,596.82	\$ 14,237.87
Principal retirement	(10,298.18)	(75,923.62)	.00
Net Change	.00	.00	1,062.19
Balance, end of period	\$ 25,832.38	\$ 1,462,673.20	\$ 15,300.06

Scheduled retirements of fixed liabilities are as follows:

	FFB Notes	Bonds	Interest	Total
Within first year	\$ 10,977.86	\$ 80,039.96	\$ 85,808.65	\$ 176,826.47
Within second year	11,702.48	84,613.68	80,481.73	176,797.89
Within third year	3,152.04	89,644.76	74,844.73	167,641.53
Within fourth year	.00	94,675.84	69,481.55	164,157.39
Within fifth year	.00	100,621.67	64,037.69	164,659.36
Thereafter	.00	1,013,077.29	274,323.29	1,287,400.58

**NOTE 7 - 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% 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, 1998 was \$157,711.19. The entity's contributions were calculated using the base salary amount of \$129,598.00. Contributions to the plan were \$6,517.23 and \$10,978.46 by the employee and the entity, respectively.

Housing Authority of the Town of Leesville  
Leesville, Louisiana

Notes to the Financial Statements (Continued)  
September 30, 1998

NOTE 8 - COMMITMENTS

Commitments arise primarily from construction in progress. Commitments at September 30, 1998 are composed of the following:

	Project Authorization	Expended to September 30, 1998	Commitment
CIAP 908-96	\$ 500,000.00	\$ 458,570.10	\$ 41,429.90
CIAP 909-97	350,000.00	250,488.05	99,511.95
Total	<u>\$ 850,000.00</u>	<u>\$ 709,058.15</u>	<u>\$ 140,941.85</u>

All project funds are provided by grant from HUD, therefore no additional funding is required to satisfy outstanding commitments at September 30, 1998.

NOTE 9 - LOW YEAR 2000 (Y2K) RISK

It appears that the Housing Authority of the Town of Leesville has addressed the potential impact of the Year 2000 (Y2K) on the processing of date-dependent information by the computerized information systems being utilized. The entity is in the implementation stage of compliance. All application software, operating systems, and computer hardware appear to be Y2K compliant. The Y2K Issue is the result of computer programs being written using two digits (rather than four) to define a year. This could result in miscalculations or system failures. The entity has updated its computer system during the 1997-98 year to make their application software, operating systems, and computer hardware Y2K compliant. The entity estimates that no additional expenditures will be required to make computer systems and other equipment Y2K compliant. Potential costs are not expected to have a material impact on the local government's financial operations.

NOTE 10 - 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 STATEMENTS



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

**Combining Balance Sheet - All Special Revenue Funds  
September 30, 1998**

	<u>Owned Housing FW-1364</u>	<u>Voucher Housing LA-111VO</u>	<u>Totals</u>
<b>Assets and Other Debits</b>			
<b>Assets:</b>			
Cash	\$ 20,591.95	\$ 74,907.57	\$ 95,499.52
Investments	165,569.98	50,000.00	215,569.98
<b>Receivables:</b>			
Accounts	3,892.27	-	3,892.27
Other	-	18,146.12	18,146.12
Due from other funds	45,775.02	-	45,775.02
Prepaid items	16,864.99	-	16,864.99
<b>Total Assets and Other Debits</b>	<u>\$ 252,694.21</u>	<u>\$ 143,053.69</u>	<u>\$ 395,747.90</u>
<b>Liabilities, Equity, and Other Credits</b>			
<b>Liabilities:</b>			
<b>Accounts payable:</b>			
Trade	\$ 33,142.82	\$ -	\$ 33,142.82
Other governments	4,177.13	63,619.00	67,796.13
Payroll taxes withheld and accrued	2,382.79	-	2,382.79
Security deposits	14,786.00	-	14,786.00
Deferred revenue	606.00	53,628.68	54,234.68
<b>Total liabilities</b>	<u>55,094.74</u>	<u>117,247.68</u>	<u>172,342.42</u>
<b>Equity and Other Credits:</b>			
<b>Fund balances:</b>			
Reserved for prepaids	16,864.99	-	16,864.99
Unreserved, undesignated	180,734.48	25,806.01	206,540.49
<b>Total Equity and Other Credits</b>	<u>197,599.47</u>	<u>25,806.01</u>	<u>223,405.48</u>
<b>Total Liabilities, Equity and Other Credits</b>	<u>\$ 252,694.21</u>	<u>\$ 143,053.69</u>	<u>\$ 395,747.90</u>

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

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

**Combining Statement of Revenue, Expenditures, and Changes in Fund Balances -  
All Special Revenue Funds  
Year Ended September 30, 1998**

	Owned Housing FW-1364	Voucher Housing LA-111VO	Totals
Revenues:			
Rents	\$ 226,630.57	\$ -	\$ 226,630.57
Charges for services	16,643.38	-	16,643.38
Operational subsidies/grants	130,014.00	87,851.27	217,865.27
Interest	9,841.45	5,828.64	15,670.09
Miscellaneous	1,396.47	5,932.36	7,328.83
	<u>384,525.87</u>	<u>99,612.27</u>	<u>484,138.14</u>
Total Revenues			
Expenditures			
Current:			
Administrative salaries	\$ 67,804.81	\$ -	\$ 67,804.81
Professional fees	8,289.90	2,455.00	10,744.90
Travel	29,098.69	2,086.12	31,184.81
Sundry administration	17,215.85	305.60	17,521.45
Tenant services	12,002.78	-	12,002.78
Utilities	67,104.61	-	67,104.61
Maintenance salaries	66,347.60	-	66,347.60
Maintenance materials	22,642.03	-	22,642.03
Other maintenance costs	37,069.49	-	37,069.49
Insurance	41,049.04	-	41,049.04
Employee benefits	28,694.31	-	28,694.31
Collection losses	2,377.31	-	2,377.31
Miscellaneous	-	0.67	0.67
Housing assistance payments	-	76,321.27	76,321.27
Capital Expenditures:	47,227.88	-	47,227.88
	<u>446,924.30</u>	<u>81,168.66</u>	<u>528,092.96</u>
Total Expenditures			
Excess of Revenues (over) (under) Expenditures	(62,398.43)	18,443.61	(43,954.82)
Fund Balance, beginning of period	<u>259,997.90</u>	<u>7,362.40</u>	<u>267,360.30</u>
Fund Balance, end of period	<u>\$ 197,599.47</u>	<u>\$ 25,806.01</u>	<u>\$ 223,405.48</u>

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

SUPPLEMENTAL FINANCIAL INFORMATION - STATUTORY BASIS

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

**Balance Sheet - Statutory Basis  
September 30, 1998**

Annual Contributions Contract FW-1364

	<u>Owned Housing FW-1364</u>	<u>Voucher Housing LA-111VO</u>
<b>Assets</b>		
Cash-checking and on hand	\$ 20,591.95	\$ 74,907.57
Investments	165,569.98	50,000.00
Accounts receivable-tenants	3,892.27	-
Accounts receivable-other	-	18,146.12
Prepaid insurance	16,864.99	-
Debt amortization funds	181,451.59	-
Fixed assets	<u>7,714,569.34</u>	<u>2,989.78</u>
<b>Total Assets</b>	<b><u>\$ 8,102,940.12</u></b>	<b><u>\$ 146,043.47</u></b>
<b>Liabilities and Surplus</b>		
Tenants' security deposits	\$ 14,786.00	\$ -
Accounts payable-HUD	4,177.13	63,619.00
Accounts payable-other	33,142.82	-
Accrued and withheld payroll taxes	2,382.79	-
Advance annual contributions	-	9,509.00
Deferred credits	606.00	44,119.68
Fixed liabilities	<u>1,488,505.58</u>	<u>-</u>
<b>Total liabilities</b>	<b>1,543,600.32</b>	<b>117,247.68</b>
<b>Surplus</b>	<b><u>6,559,339.80</u></b>	<b><u>28,795.79</u></b>
<b>Total Liabilities and Surplus</b>	<b><u>\$ 8,102,940.12</u></b>	<b><u>\$ 146,043.47</u></b>

Housing Authority of the Town of Leesville  
Leesville, Louisiana

Statement of Income and Expenses - Statutory Basis  
Owned Housing Program  
Year Ended September 30, 1998

Annual Contributions Contract FW-1364

Operating income	
Dwelling rental	\$ 226,630.57
Excess utilities	8,904.19
Interest on general fund investments	9,841.45
Other Income	<u>7,739.19</u>
Total operating income	<u>253,115.40</u>
Operating Expenses	
Administration	122,409.25
Tenant services	12,002.78
Utilities	67,104.61
Ordinary maintenance and operations	126,059.12
General expense	<u>72,120.66</u>
Total operating expenses	<u>399,696.42</u>
Net operating income (loss) before other items	(146,581.02)
Other charges (credits)	
Interest expense	90,853.94
Prior year adjustments affecting residual receipts	(1,035.71)
Loss from disposition of equipment	<u>29,937.95</u>
Total other charges (credits)	<u>119,756.18</u>
Net Income (Loss)	<u>\$ (266,337.20)</u>

Housing Authority of the Town of Leesville  
Leesville, Louisiana

Statement of Income and Expenses - Statutory Basis  
Voucher Housing Program  
Year Ended September 30, 1998

Annual Contributions Contract LA-111VO

Operating income	
Interest on operating reserve investments	\$ 4,586.64
Interest on general fund investments	<u>1,242.00</u>
Total operating income	<u>5,828.64</u>
Operating Expenses	
Housing assistance payments	76,321.27
Administrative expenses	<u>4,846.72</u>
Total operating expenses	<u>81,167.99</u>
Net Loss	<u>\$ (75,339.35)</u>

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

**Analysis of Surplus - Statutory Basis  
September 30, 1998**

Annual Contributions Contract FW-1364

	<u>Owned Housing FW-1364</u>	<u>Voucher Housing LA-111VO</u>
Unreserved surplus		
Balance per 9-30-97 audit	\$ (4,799,533.36)	\$ (329,154.02)
Prior audit AJEs subsequently booked	360.76	5,932.36
HUD adjustment prior year	-	5,265.00
Adjustment for rounding on HUD Form 52681	-	(0.56)
Net income (loss) FYE 9-30-98	(266,337.20)	(75,339.35)
OR provision FYE 9-30-98	43,206.45	(12,511.92)
HAP project provision FYE 9-30-98	-	(136,489.73)
	<u>(5,022,303.35)</u>	<u>(542,298.22)</u>
Balance at 9-30-98		
Reserved Surplus		
Balance per 9-30-97 audit	260,358.66	13,294.76
Adjustment for rounding on HUD Form 52681	-	(0.67)
OR provision FYE 9-30-98	(43,206.45)	12,511.92
	<u>217,152.21</u>	<u>25,806.01</u>
Balance at 9-30-98		
Project account - unfunded- HAP		
Balance per 9-30-97 audit	-	204,449.04
HUD adjustment prior year	-	(5,265.00)
Adjustment for rounding on HUD Form 52681	-	1.23
HAP project provision FYE 9-30-98	-	136,489.73
	<u>-</u>	<u>335,675.00</u>
Balance at 9-30-98		
Cumulative contributions from HUD		
Balance per 9-30-97 audit	8,960,217.67	121,762.40
Contribution FYE 9-30-98	176,948.14	87,851.27
Adjustment for rounding on HUD Form 52681	-	(0.67)
Operating subsidy FYE 9-30-98	130,014.00	-
	<u>9,267,179.81</u>	<u>209,613.00</u>
Balance at 9-30-98		
Grants from HUD		
Balance per 9-30-97 audit	1,759,879.19	-
Grants FYE 9-30-98	337,431.94	-
	<u>2,097,311.13</u>	<u>-</u>
Balance at 9-30-98		
Total Surplus	<u>\$ 6,559,339.80</u>	<u>\$ 28,795.79</u>

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

**Computation of Residual Receipts and Accruing Annual Contributions  
Owned Housing Program  
Year Ended September 30, 1998**

Annual Contributions Contract FW-1364

Computation of Residual Receipts	
Operating receipts	\$ 253,115.40
Operating income	130,014.00
HUD operating subsidy	<u>                    </u>
Total operating receipts	<u>384,165.11</u>
Operating expenditures	
Operating expenses	399,696.42
Capital expenditures	<u>47,227.88</u>
Total operating expenditures	<u>446,924.30</u>
Residual Receipts before provision for reserve, per audit	(62,759.19)
Audit adjustments (backed out)	<u>19,552.74</u>
Residual Receipts before provision for reserve, per PHA	(43,206.45)
Provision for operating reserve	<u>43,206.45</u>
Residual receipts per PHA	<u>\$ -</u>
Computation of Accruing Annual Contributions	
Fixed annual contributions*	\$ 178,473.47
Less interest savings	<u>(1,525.33)</u>
Total annual contribution accrued	176,948.14
Less amount available for reduction of annual contribution - Residual Receipts above	<u>                    -</u>
Accruing annual contribution	<u>\$ 176,948.14</u>

\* Subject to adjustment by HUD.



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

**Computation of Annual Contributions Earned and Project Account and Operating Reserve Changes  
Voucher Housing Program  
Year Ended September 30, 1998**

Annual Contributions Contract LA-111VO

Maximum Contribution Available	
Maximum annual contribution authorized	\$ 224,341.00
Project account, beginning of year	<u>199,184.04</u>
 Total annual contribution available	 <u>423,525.04</u>
 Annual Contributions Required	
Housing assistance payments	76,321.27
Administrative fee	12,102.00
Hard-to-house fee	180.00
Audit fee	<u>490.00</u>
 Total funds required	 89,093.27
Less project receipts other than annual contribution	<u>(1,242.00)</u>
 Total annual contribution required	 <u>87,851.27</u>
 Project Account Change	
New project account balance	<u>\$ 335,673.77</u>
 Annual Contributions Earned - lesser of contribution available or required	 <u>\$ 87,851.27</u>
 Operating Reserve Changes	
Operating receipts	
Operating income	\$ 5,828.64
Annual contribution earned	<u>87,851.27</u>
Total operating receipts	<u>93,679.91</u>
 Operating expenditures	
Total operating expenditures	<u>81,167.99</u>
 Net operating receipts available-audit	 <u>12,511.92</u>
 Provision for operating reserve	 <u>\$ 12,511.92</u>

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

**Schedule of Modernization Costs - Uncompleted  
September 30, 1998**

Annual Contributions Contract FW-1364

	<u>Project # 908</u>	<u>Project # 909</u>	<u>Total</u>
1. Funds approved	\$ 500,000.00	\$ 350,000.00	\$ 850,000.00
Funds expended	<u>458,570.10</u>	<u>250,488.05</u>	<u>709,058.15</u>
Excess of funds approved	<u>\$ 41,429.90</u>	<u>\$ 99,511.95</u>	<u>\$ 140,941.85</u>
2. Funds advanced	\$ 420,718.12	\$ 242,565.01	\$ 663,283.13
Funds expended	<u>458,570.10</u>	<u>250,488.05</u>	<u>709,058.15</u>
Excess (deficiency) of funds advanced	<u>\$ (37,851.98)</u>	<u>\$ (7,923.04)</u>	<u>\$ (45,775.02)</u>

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

**Analysis of General Fund Cash Balance  
September 30, 1998**

Annual Contributions Contract FW-1364

	<u>Owned Housing FW-1364</u>	<u>Voucher Housing LA-111VO</u>
<u>Assets and Other Items</u>		
Cash-checking and on hand	\$ 20,591.95	\$ 74,907.57
Investments	165,569.98	50,000.00
Adjustment for CIAP/CGP funding	45,775.02	-
Accounts receivable-tenants	3,892.27	-
Accounts receivable-other	-	18,146.12
Prepaid insurance	16,864.99	-
	<hr/>	<hr/>
Total	<u>\$ 252,694.21</u>	<u>\$ 143,053.69</u>
 <u>Liabilities, Reserves, and Other Items</u>		
Tenants' security deposits	\$ 14,786.00	\$ -
Accounts payable-HUD	4,177.13	63,619.00
Accounts payable-other	33,142.82	-
Accrued and withheld payroll taxes	2,382.79	-
Prepaid annual contributions	-	9,509.00
Deferred credits	606.00	44,119.68
Operating reserve per PHA	217,152.21	25,806.01
Adjustments affecting Operating Reserve (backed out)	(19,552.74)	-
	<hr/>	<hr/>
Total	<u>\$ 252,694.21</u>	<u>\$ 143,053.69</u>

Housing Authority of the Town of Leesville  
Leesville, Louisiana

Owned Housing Program

Adjusting Journal Entries  
September 30, 1998

Annual Contributions Contract FW-1364

	Acct. # for audit report	Acct. # for posting by PHA	Debit	Credit
(1)				
Prior Year Adj. Aff. RR	6010	DO	\$ 3,860.76	
Electricity	4320			\$ 598.13
Gas	4330	NOT		867.66
Other Utilities	4390			1,435.36
Water	4310	BOOK		959.61
To reverse prior year accounts payable adjustments				
(2)				
Water	4310	DO	1,034.66	
Other Utilities	4390		799.09	
Electricity	4320		1,143.11	
Maintenance Materials	4420		1,145.34	
Travel	4150		103.57	
Other Admin.	4190	NOT	109.15	
Modernization	1460.96		13,575.20	
Property Betterments	7540		15,232.70	
Land, Structures and Equipment	1465		15,232.70	
Property Adjustments	7590			15,232.70
Accounts Payable	2119	BOOK		33,142.82
To accrue accounts payable at September 30, 1998.				
(3)				
Land, Structures and Equipment	1400.4	1400.4	207,500.00	
Modernization	1400.2M	1400.2M		207,500.00
Development	1400.2	1400.2	207,500.00	
Development Contra	1400.3	1400.3		207,500.00
To account for prior audit adjustment not recorded.				
(4)				
Other Income	3690	DO NOT	16,754.63	
PILOT	4520	BOOK		16,754.63
To correct effect of journal entry number 3160.				
(5)				
Other	1129	DO NOT		18,094.00
Cash	1111.12	BOOK	18,700.00	
Other	2290			606.00
To reclass accounts.				

Housing Authority of the Town of Leesville  
Leesville, Louisiana

Owned Housing Program

Adjusting Journal Entries  
September 30, 1998

Annual Contributions Contract FW-1364

	Acct. # for audit report	Acct. # for posting by PHA	Debit	Credit
(6) Prepaid Insurance	1211	1211	\$ 5,469.49	
Insurance Expense	4510	6010		\$ 5,469.49
To adjust prepaid insurance at September 30, 1998.				
(7) Administrative Sundry	4190	6010	8,954.61	
Other	1290	1290		8,954.61
To reclass expenditures incurred in current year.				
(8) Grants from HUD	2845	2845	3,500.00	
Prior Year Adjustments Aff. RR	6010	6010		3,500.00
To account for prior audit adjustment not booked by the entity.				

FEDERAL AWARDS

Housing Authority of the Town of Leesville  
Leesville, Louisiana

Schedule of Expenditures of Federal Awards  
Year Ended September 30, 1998

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:							
Public and Indian Housing	FW-1364	14.850	\$ 130,014.00	\$ -	\$ 130,014.00	\$ 130,014.00	\$ -
Section 8 Rental Voucher	LA-111VO	14.855	87,851.27	(134,431.28)	17,038.99	87,851.27	(63,619.00)
CIAP	FW-1364	14.852	-	(1,278.47)	337,431.94	381,928.49	43,218.08
			<u>\$ 217,865.27</u>	<u>\$(135,709.75)</u>	<u>\$ 484,484.93</u>	<u>\$ 599,793.76</u>	<u>\$ (20,400.92)</u>
Total HUD and Grand Total							

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 Avenue  
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, 1998, and have issued our report thereon dated January 27, 1999. 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 no instances of noncompliance that are required to be reported under Government Auditing Standards.

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. Our 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. We noted no matters involving the internal control over financial reporting 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.

January 27, 1999

  
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 Avenue  
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, 1998. 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, 1998.

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.

January 27, 1999

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

Housing Authority of the Town of Leesville  
Schedule of Findings and Questioned Costs  
Year Ended September 30, 1998

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the general purpose and combining financial statements of Housing Authority of the Town of Leesville.
2. No reportable conditions relating to the audit of the general purpose and combining financial statements are reported in the 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.
3. No instances of noncompliance material to the general purpose and combining financial statements of Housing Authority of the Town of Leesville were 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 auditor's 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 tested 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 not determined to be a low-risk auditee.

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

There are no findings related to the Financial Statements Audit.

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

There are no findings related to the audit of major federal award programs.

Housing Authority of the Town of Leesville  
Summary Schedule of Prior Audit Findings  
Year Ended September 30, 1998

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Public and Indian Housing

1996 - FINDING NO.1

TENANT FILES

Condition: This finding was a reportable condition stating a deficiency in the documentation of Form HUD-9886 "Authorization for the Release of Information".

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

Current Status: *We noted improvement in the documentation of Form HUD-9886 although we found one out of eleven files selected with an unlocatable HUD-9886 and, seven of the files contained Forms HUD-9886 or HUD-9887 that were more than one year old.*