HOUSING AUTHORITY OF THE TOWN OF LEESVILLE
LEESVILLE, LOUISIANA

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2001
WITH SUPPLEMENTAL INFORMATION SCHEDULES

HOUSING AUTHORITY OF THE TOWN OF LEESVILLE
LEESVILLE, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

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HOUSING AUTHORITY OF THE TOWN OF LEESVILLE
LEESVILLE, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Housing Authority of the Town of Leesville
Leesville, Louisiana

I have audited the accompanying general-purpose financial statements of the Housing Authority of the Town of Leesville for the year ended September 30, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Housing Authority's executive director. My responsibility is to express an opinion on these general-purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the Town of Leesville, as of September 30, 2001, and the results of its operations and the cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated January 30, 2002 on my consideration of Housing Authority of the Town of Leesville's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants.

My audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the Housing Authority of the Town of Leesville, taken as a whole. The accompanying schedule of expenditures of federal awards and reconciliation of modernization funds advanced with costs-complete are presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

WILLIAM R. HULSEY, CPA
Certified Public Accountant

January 30, 2002

HOUSING AUTHORITY OF THE TOWN OF LEESVILLE
LEESVILLE, LOUISIANA
BALANCE SHEET - ENTERPRISE FUND BASIS
SEPTEMBER 30, 2001

Current assets:		
Cash and cash equivalents	$	63,040
Investments		244,895
Accounts receivable, net of allowance		1,600
Accounts receivable, HUD		15,574
Accounts receivable, Low Rent		10,474
Prepaid insurance		18,128
Inventory		2,964
Other assets		-
Total current assets		356,675
Fixed assets:		
Land		148,721
Building and improvements		5,789,963
Furniture and equipment		410,868
Improvements		739,803
		7,089,355
Less: Accumulated depreciation		(4,969,147)
Net fixed assets		2,120,208
TOTAL ASSETS	$	2,476,883

Liabilities:		
Accounts payable	$	5,612
Tenant's security deposits		17,602
Accrued payroll expenses		(285)
Accounts payable - HUD		3,062
Compensated absences		16,026
Interprogram - due to		10,474
Accounts payable, voucher		-
Total liabilities		52,491
Fund Equity:		
Total contributed capital		2,234,058
Retained earnings		190,334
Total fund equity		2,424,392
TOTAL LIABILITIES AND FUND EQUITY	$	2,476,883

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

HOUSING AUTHORITY OF THE TOWN OF LEESVILLE
LEESVILLE, LOUISIANA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS - ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2001

Revenues:	
Dwelling rental	$ 267,811
Excess utilities	80
CIAP Grants	204,656
Operating subsidy	262,975
Interest income	17,176
Other revenue	56,868
TOTAL REVENUE	809,566
Operating revenues:	
Administration	56,458
Tenant services	13,303
Utilities	86,487
Maintenance	120,040
General expenses	210,007
Depreciation	339,209
Housing assistance payments	124,617
CIAP expenses	204,656
TOTAL OPERATING EXPENSES	1,154,777
Net operating income (loss)	(345,211)
Non-operating revenues (expenses)	
Interest expense	(93)
Net income (loss)	(345,304)
Retained earnings, September 30, 2000	196,429
TOTAL FUND EQUITY, SEPTEMBER 30, 2001	$ (148,875)

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

HOUSING AUTHORITY OF THE TOWN OF LEESVILLE
LEESVILLE, LOUISIANA
STATEMENT OF CASH FLOWS
SEPTEMBER 30, 2001

Cash flows from operating activities:	
Net increase (decrease) in fund equity	(345,304)
Other balances restated	-
Adjustments to reconcile net increase in fund	
Balance to net cash provided in operating	
Activities:	
Depreciation	339,209
Changes in operating assets & liabilities:	
(Increase) decrease in inventory	-
(Increase) decrease in prepaid expenses	(3,814)
(Increase) decrease in other assets	-
(Increase) decrease in receivables	12,306
Increase (decrease) in accrued payroll taxes	(1,130)
Increase (decrease) in accrued compensated absences	(767)
Increase (decrease) accounts payable	(22,485)
Increase (decrease) in tenant's security deposits	(4,974)
Increase (decrease) in accounts payable – HUD	(34,275)
Increase (decrease) in interprogram – due to	10,474
Increase (decrease) in prepaid annual contributions	-
Increase (decrease) in contributed capital	(207,593)
Net cash provided by operating activities	(258,353)
Cash flows used by investing activities:	
Net change in fixed assets	205,509
Purchase of investments	(14,920)
Net cash used in investing activities	190,589
Net increase (decrease) in cash	(67,764)
Cash, beginning of year	130,804
Cash, end of year	$ 63,040

HOUSING AUTHORITY OF THE TOWN OF LEESVILLE
LEESVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2001

INTRODUCTION

Housing Authorities are chartered as a public corporation under the laws (LSA-RS 40:391) of the State of Louisiana for the purpose of providing safe and sanitary housing and related facilities for eligible low-income families and the elderly. This creation was contingent upon the local governing body of the city or parish declaring a need for the Housing Authority to function in such city or parish. The Housing Authority is governed by a five member Board of Commissioners. The members serve a staggered term of four years.

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-rent housing programs in the United States. Accordingly, HUD has entered into an annual contributions contract with the Housing Authority for the purpose of assisting the Housing Authority in financing the acquisition, construction and leasing of Housing Units and to make annual contributions (subsidies) to the Housing Authority for the purpose of maintaining this low-rent character.

The Housing Authority participates in Section 8 housing assistance payment programs. The rental voucher program provides assistance to low-income persons seeking housing by subsidizing rents between tenants and owners of existing private housing. Under this program, the Housing Authority enters into housing assistance payment contracts with landlords. Section 8 Rental Voucher Program, another Section 8 housing assistance program, provides assistance to low-income families. The program provides for a voucher which can be used by the tenant to pay rent to any landlord he chooses.

The Housing Authority's Public Housing Assessment System (PHAS) scores are Physical – 92, Financial Score - 29 and Combined Low Rent – not available at this time.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements of The Housing Authority of the Town of Leesville have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Reporting Entity

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Because the Housing Authority is legally separate and fiscally independent by being solely accountable for fiscal matters, including (1) budget authority, (2) responsibility for funding deficits and operating deficiencies, (3) fiscal management for controlling the collection and disbursement of funds, (4) authority to issue debt, the Housing Authority is a separate governmental reporting entity.

The Housing Authority is a related organization of the Town of Leesville since the Parish of Vernon appoints a voting majority of the Housing Authority's governing board. The Parish of Vernon is not financially accountable for the Housing Authority as it cannot impose its will on the Housing Authority and there is no potential for the Housing Authority to provide financial benefit to, or impose financial burdens on, the Parish of Vernon. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of the Parish of Vernon.

Governmental Accounting Standards Board (GASB) Codification Section 2100 establishes criteria for determining which, if any, component units should be considered part of the Housing Authority for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability, which includes:

1. Appointing a voting majority of an organization's governing body, and:

    a. The ability of the Housing Authority to impose its will on that organization and/or

    b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Housing Authority.

2. Organizations for which the Housing Authority does not appoint a voting majority but are fiscally dependent on the Housing Authority.

3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

The accounting and financial reporting treatment is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements present increases and decreases in net current assets. The full accrual basis of accounting is used. The following practices in recording revenues and expenses are used:

Revenues

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

Rental income is recorded in the month earned.

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

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

Expenses

Salaries are recorded as expenses when incurred.

Purchases of various operating supplies are recorded as expenses in the accounting period they are consumed.

Principal and interest on debt is recognized when incurred.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Expenses (Continued)

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

Deferred Revenues

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

Budgets and Budgetary Accounting

Annual budgets are prepared. Periodic comparison reports are prepared and actual expenses are compared to budgeted amounts. These reports are prepared to assist management in controlling the day-to-day operation of the Housing Authority.

The Authority is required by its HUD Annual Contributions Contracts to adopt annual budgets for the Low-Rent Housing Program and the Section 8 Programs. Annual budgets are not required for CIAP grants as their budgets are approved for the length of the project.

The Authority is under a limited budget review from HUD with the control category of total operating expenditures. If there are no overruns of the total operating expenditures, then HUD does not require budget revisions other than when there are substantial additions to nonroutine expenditures.

The budget is prepared on a statutory (HUD) basis and does not contain a provision for uncollectible tenant receivables, or depreciation. The budget does reflect furniture and equipment additions from operations.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Encumbrances

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

Cash and Cash Equivalents

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

Under state law, the Housing Authority may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

Allowance for Doubtful Accounts

The allowance for doubtful accounts is determined on information available at the time which would indicate the uncollectibility of the accounts receivable.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Fixed Assets

Fixed assets are recorded at the time they are purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Public domain or infrastructures such as sidewalks and parking lots are capitalized. Interest expense during construction is capitalized.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tenant Receivables

Receivables for rentals and service charges are reported on the balance sheet, net of allowance for doubtful accounts.

Compensated Absences

Employees earn annual leave based upon years of service, and may accrue unlimited hours. Sick time is earned but not accrued since it is dependent upon a future event. Upon termination all accrued vacation time is paid. At September 30, 2001 the Housing Authority had a liability of $16,026. Of the aforementioned amount, $16,793 pertained to prior year. Only the $767 decrease is recognized as a current year income in these financial statements.

Reserves

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

Income Taxes

No provision is made for income taxes since the Housing Authority of the Town of Leesville is a governmental entity in the State of Louisiana.

NOTE 2 - USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 3 - CASH AND CASH EQUIVALENTS

At September 30, 2001, the Housing Authority had cash and cash equivalents totaling $63,040 as follows:

Cash on hand	$	150
Carrying amount of deposits		62,890
	$	63,040

Cash and cash equivalents - unrestricted	$	45,438
Cash and cash equivalents – restricted		17,602
	$	63,040

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

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 Insurance. The entity's deposits are categorized to give an indication of the level of risk assumed by the entity at September 30, 2001. 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, uninsured and unregistered, but with securities held by the bank, its trust department, or its agent, pledged to the PHA, but not in the PHA's name.

NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

Cash Deposits, categorized by level of risk, (at cost, which approximates market) are:

Total Bank Balances	Category 1	Category 2	Category 3
$ 118,736	$100,000	$ 18,736	$ -

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Housing Authority that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 4 - 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 depositary 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 the Federally insured depositary 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.

NOTE 4 - INVESTMENTS (Continued)

The entity's investments are categorized to give an indication of the level of risk assumed by the entity at September 30, 2001. 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 the entity's name

Investments, categorized by level of risk, are:

	Category				
Types of Investments	1	2	3	Fair Value/ Carrying Value	Cost
Deposits at federally insured depositories	$ 244,895	-	-	$ 244,895	$ 244,895

NOTE 5 - ACTIVITIES OF THE PHA

At September 30, 2001, the Housing Authority was managing 193 units of low-rent in one project under Program FW-1364, which consists of programs LA111-001 and LA111-002, and 50 units of Section 8 under Program LA111VO.

NOTE 6 - RECEIVABLES

The receivables at September 30, 2001 are as follows:

Local Sources:		
Tenants	$ 1,600	
Less: Allowance for doubtful accounts	-	
Total Accounts Receivable - Tenants		$ 1,600
Federal Sources:		
Accounts Receivable - HUD - Existing		15,574
TOTAL RECEIVABLES		$ 17,174

NOTE 7 - FIXED ASSETS

As stated in Note 1, soft costs formerly capitalized have been written off and fixed assets are now depreciated on the straight-line method over their estimated useful lives as

Site Improvements	15 Years
Building	33 Years
Buildings improvements	15 Years
Nondwelling structures	15 Years
Equipment	3 to 7 Years

The changes in general fixed assets are as follows:

	Balance Sept. 30, 2000	Reclass Adjustments	Additions	Deletions	Balance Sept. 30, 2001
Land	$ 823,138	$ (674,417)	$ -	$ -	$ 148,721
Improvements	-	674,417	65,386	-	739,803
Buildings	5,601,168	-	188,795	-	5,789,963
Furn. and equip. - dwelling	160,460	-	42,424	-	202,884
- admin.	207,845	-	139	-	207,984
Construction in process	502,253	-	-	(502,253)	-
Total	$7,294,864	$ -	$296,744	$(502,253)	$ 7,089,355

NOTE 8 - SECURITY DEPOSIT ACCOUNT

At September 30, 2001, the security deposit account had a balance of $17,602.

NOTE 9 - DEFERRED COMPENSATION PLAN

The Housing Authority of the Town of Leesville offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Housing Authority of the Town of Leesville employees, permits them to defer a portion of their salary until future years.

NOTE 9 - DEFERRED COMPENSATION PLAN (Continued)

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the government subject only to the claims of the government's general creditors. Participants' rights under the plan are equal to those of the general creditors of the government in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of management that the Housing Authority of the Town of Leesville has no liability for losses under the plan. It is the intent of management that the deferred amounts will ultimately be paid to the employees. Management also believes that the assets will not be used to satisfy the claims of general creditors.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

The entity is subject to possible examinations 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.

In the opinion of legal council, there was no pending or threatened litigation at September 30, 2001.

NOTE 11 - RISK MANAGEMENT

The Housing Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Housing Authority carries commercial insurance.

NOTE 12 - PENSION 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 Renewal and Local Agency Retirement Plan. The plan was established January 20, 1975, is authorized and may be amended by the entity's Board of Commissioners.

NOTE 12 - PENSION PLAN (Continued)

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 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, 2001 was $199,483. The entity's contributions were calculated using the base salary amount of $40,726 to participate in the Plan.

NOTE 13 - ACCOUNTING FOR THE IMPAIRMENT OF LONG-LIVED ASSETS

The full amount of the carrying value of buildings and land improvements are deemed recoverable from future cash flows.

SUPPLEMENTAL INFORMATION

HOUSING AUTHORITY OF THE TOWN OF LEESVILLE
LEESVILLE, LOUISIANA
SUPPLEMENTAL INFORMATION SCHEDULES
FOR THE YEAR ENDED SEPTEMBER 30, 2001

GENERAL

Compensation Paid to Board Members

The members of the Board of Commissioners serve without compensation.

Federal Award Programs

In accordance with Office of Management and Budget (OMB) Circular A-133, a schedule of federal awards is presented.

HOUSING AUTHORITY OF THE TOWN OF LEESVILLE
LEESVILLE, LOUISIANA
SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

Federal Grantor/ Pass Through Grantor/Program Name	Federal CFDA Number	Grant ID Number	Program/ Award Amount
U. S. Department of Housing and Urban Development			
Direct programs:			
Section 8 Rental	14.855	LA111VO	$ 158,337
Low Income Housing	14.850A	FW-1364	139,459
Total			$ 297,796

HOUSING AUTHORITY OF THE TOWN OF LEESVILLE
LEESVILLE, LOUISIANA
RECONCILIATION OF MODERNIZATION FUNDS
ADVANCED WITH COSTS-COMPLETE
SEPTEMBER 30, 2001

ANNUAL CONTRIBUTION CONTRACT FW-2063

	LA48P11191099
Funds approved	$ 38,210
Funds expended	(38,210)
Excess of funds approved	$ -
Funds advanced:	
Grant funding	$ 38,210
Total funds advanced	38,210
Funds expended	(38,210)
Excess (deficiency) of funds available	$ -

NOTE: The distribution of costs by project as shown on the CIAP Budget/Progress Report dated September 30, 2001 accompanying the Actual Modernization Cost Certificate submitted to HUD for approval is in agreement with the Authority's records and all costs and liabilities associated with it has been paid.

See Independent Auditor's Report on Supplementary Information.

HOUSING AUTHORITY OF THE TOWN OF LEESVILLE
LEESVILLE, LOUISIANA
RECONCILIATION OF MODERNIZATION FUNDS
ADVANCED WITH COSTS-COMPLETE
SEPTEMBER 30, 2001

ANNUAL CONTRIBUTION CONTRACT FW-2063

	LA48P11150100
Funds approved	$ 166,445
Funds expended	(166,455)
Excess of funds approved	$ -
Funds advanced:	
Grant funding	$ 166,455
Total funds advanced	166,455
Funds expended	(166,455)
Excess (deficiency) of funds available	$ -

NOTE: The distribution of costs by project as shown on the CIAP Budget/Progress Report dated September 30, 2001 accompanying the Actual Modernization Cost Certificate submitted to HUD for approval is in agreement with the Authority's records and all costs and liabilities associated with it has been paid.

See Independent Auditor's Report on Supplementary Information.

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

To the Board of Directors
Housing Authority of the Town of Leesville
Leesville, Louisiana

Compliance

I have audited the compliance of The 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, 2001. The 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 Housing Authority of the Town of Leesville's management. My responsibility is to express an opinion on the The Housing Authority of the Town of Leesville's compliance based on my audit.

I conducted my audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The Housing Authority of the Town of Leesville's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on The Housing Authority of the Town of Leesville's compliance with those requirements.

In my opinion, The 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, 2001.

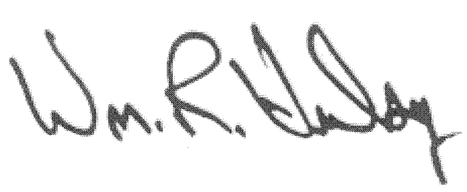
Internal Control Over Compliance

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

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended for the information of management and the Louisiana Legislative Auditor. This restriction is not intended to limit the distribution of the report, which, upon acceptance by The Housing Authority of the Town of Leesville, is a matter of public record.

WILLIAM R. HULSEY
Certified Public Accountant



January 30, 2002

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

To the Board of Directors
The Housing Authority of the Town of Leesville
Leesville, Louisiana

I have audited the financial statements of The Housing Authority of the Town of Leesville, as of and for the year ended September 30, 2001, and have issued my report thereon dated January 30, 2002. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United
States.

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

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

This report is intended for the information of management and the Louisiana Legislative Auditor. This restriction is not intended to limit the distribution of the report, which, upon acceptance by The Housing Authority of the Town of Leesville, is a matter of public record.

WILLIAM R. HULSEY
Certified Public Accountant

January 30, 2002

HOUSING AUTHORITY OF THE TOWN OF LEESVILLE
LEESVILLE, LOUISIANA
SCHEDULE OF CURRENT YEAR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

No current year findings.

HOUSING AUTHORITY OF THE TOWN OF LEESVILLE
LEESVILLE, LOUISIANA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

No prior year findings.

HOUSING AUTHORITY OF THE TOWN OF LEESVILLE
LEESVILLE, LOUISIANA
PRIOR YEAR FINDING OF THE INSPECTOR GENERAL
FOR THE YEAR ENDED SEPTEMBER 30, 2001

FINDING OF THE INSPECTOR GENERAL FOR THE YEAR ENDED SEPTEMBER 30, 2000

CONDITION:

Allegations of improper use of Authority funds, premature replacement of roofs on buildings, and not following applicable procurement requirements in using CIAP funds.

RECOMMENDATIONS:

1. Monitor the Authority to ensure that it documents the need for its CIAP projects, and that is does not repeatedly request funding for projects that it cancels or reduces.

2. Ensure that the Authority formulates and implements procurement policies consistent with HUD requirements and State law.

3. Require the Authority to implement appropriate internal controls to safeguard its assets.

CURRENT STATUS:

The Authority is documenting the need for CIAP projects and is not repeatedly requesting funding for projects that it cancels or reduces. A new system has been set up and is being followed for the CIAP projects.

The Authority established and implemented a new procurement policy consistent with HUD requirements and State law.

The Authority is implementing appropriate internal controls to safeguard its assets to the best of its ability with the number of personnel it is budgeted.

HOUSING AUTHORITY OF THE TOWN OF LEESVILLE
LEESVILLE, LOUISIANA
FINANCIAL DATA SCHEDULES
FOR THE YEAR ENDED SEPTEMBER 30, 2001

	Account Description	Low Rent 14.850	Section 8 Rental Voucher Program 14.855	TOTAL
	ASSETS:			
	CURRENT ASSETS:			
	Cash:			
111	Cash - unrestricted	42,748	20,291	63,039
112	Cash - restricted - modernization and development			-
113	Cash - other restricted			-
114	Cash - tenant security deposits			-
100	Total cash	42,748	20,291	63,039
	Accounts and notes receivables:			
121	Accounts receivable - PHA projects			-
122	Accounts receivable - HUD other projects	15,574		15,574
124	Accounts receivable - other government		10,474	10,474
125	Accounts receivable - miscellaneous			-
126	Accounts receivable- tenants - dwelling rents	1,600		1,600
126.1	Allowance for doubtful accounts - dwelling rents			-
129	Accrued interest receivable			-
120	Total receivables, net of allowances for doubtful accounts	17,174	10,474	27,648
	Current investments			-
131	Investments - unrestricted	191,682	53,212	244,894
132	Investments - restricted			-
142	Prepaid expenses and other assets	18,128		18,128
143	Inventories	2,964		2,964
150	TOTAL CURRENT ASSETS	272,696	83,977	356,673
	NONCURRENT ASSETS:			
	Fixed assets:			
161	Land	148,721		148,721
162	Buildings	5,789,963		5,789,963
163	Furniture, equipment & machinery - dwellings	202,884		202,884
164	Furniture, equipment & machinery - administration	204,994	2,990	207,984
165	Leasehold improvements	739,803		739,803
166	Accumulated depreciation	(4,966,157)	(2,990)	(4,969,147)
160	Total fixed assets, net of accumulated depreciation	2,120,208	-	2,120,208
	Other non-current assets:			
171	Notes and mortgages receivable - non-current			-
172	Notes and mortgages receivable-non-current - past due			-
174	Other assets			-
180	TOTAL NONCURRENT ASSETS	2,120,208	-	2,120,208
190	**TOTAL ASSETS**	2,392,904	83,977	2,476,881

HOUSING AUTHORITY OF THE TOWN OF LEESVILLE
LEESVILLE, LOUISIANA
FINANCIAL DATA SCHEDULES
FOR THE YEAR ENDED SEPTEMBER 30, 2001

	Account Description	Low Rent 14.850	Section 8 Rental Voucher Program 14.855	TOTAL
311	Bank overdraft			-
312	Accounts payable ≤ 90 days	5,612		5,612
321	Accrued wage/payroll taxes payable			-
322	Accrued compensated absences	16,026		16,026
331	Accounts Payable - HUD PHA Programs		3,062	3,062
333	Accounts payable - other government			-
341	Tenant security deposits	17,602		17,602
343	Current portion of L-T debt - capital projects			-
344	Current portion of L-T debt - operating borrowings			-
345	Other current liabilities	(285)		(285)
346	Accrued liabilities - other			-
347	Interprogram - due to	10,474		10,474
310	TOTAL CURRENT LIABILITIES	49,429	3,062	52,491
353	Non-current liabilities- other			-
350	TOTAL NONCURRENT LIABILITIES	-	-	-
300	TOTAL LIABILITIES	49,429	3,062	52,491
	EQUITY:			
502	Project notes (HUD)			-
503	Long-term debt - HUD guaranteed			-
504	Net HUD PHA contributions	2,458,833		2,458,833
505	Other HUD contributions			-
507	Other contributions			-
508	Total contributed capital	2,458,833	-	2,458,833
	Reserved fund balance:			-
509	Reserved for operating activities			-
510	Reserved for capital activities			-
511	Total reserved fund balance	-	-	-
512	Undesignated fund balance/retained earnings	(115,358)	80,915	(34,443)
513	**TOTAL EQUITY**	2,343,475	80,915	2,424,390
600		2,392,904	83,977	2,476,881
	Proof of concept	-	-	-

HOUSING AUTHORITY OF THE TOWN OF LEESVILLE
LEESVILLE, LOUISIANA
FINANCIAL DATA SCHEDULES
FOR THE YEAR ENDED SEPTEMBER 30, 2001

	Account Description	Low Rent 14.850	Section 8 Rental Voucher Program 14.855	TOTAL
	REVENUE:			
703	Net tenant rental revenue	267,810		267,810
704	Tenant revenue - other			-
705	Total tenant revenue	267,810	-	267,810
706	HUD PHA grants			-
708	Other government grants	204,656		204,656
714	Fraud recovery			-
715	Other revenue	185,275	151,824	337,099
700	**TOTAL REVENUE**	657,741	151,824	809,565
	EXPENSES:			
	Administrative			
911	Administrative salaries	51,014		51,014
912	Auditing fees			-
913	Outside management fees			-
914	Compensated absences			-
915	Employee benefit contributions- administrative	53,388		53,388
916	Other operating- administrative	79,345		79,345
	Tenant services			
924	Tenant services - other	13,303		13,303
	Utilities			
931	Water	10,163		10,163
932	Electricity	11,800		11,800
933	Gas	56,855		56,855
934	Fuel			-
935	Labor			-
937	Employee benefit contributions- utilities			-
938	Other utilities expense	7,669		7,669
	Ordinary maintenance & operation			
941	Ordinary maintenance and operations - labor	73,582		73,582
942	Ordinary maintenance and operations - materials & other	21,133		21,133
943	Ordinary maintenance and operations - contract costs	25,325		25,325
945	Employee benefit contributions- ordinary maintenance			-
	General expenses			
961	Insurance premiums	33,315		33,315
962	Other general expenses	204,656	31,101	235,757
963	Payments in lieu of taxes	18,395		18,395
969	**TOTAL OPERATING EXPENSES**	659,943	31,101	691,044

HOUSING AUTHORITY OF THE TOWN OF LEESVILLE
LEESVILLE, LOUISIANA
FINANCIAL DATA SCHEDULES
FOR THE YEAR ENDED SEPTEMBER 30, 2001

	Account Description	Low Rent 14.850	Section 8 Rental Voucher Program 14.855	TOTAL
970	**EXCESS OPERATING REVENUE OVER OPERATING EXPENSES**	(2,202)	120,723	118,521
971	Extraordinary maintenance			-
972	Casualty losses - non capitalized			-
973	Housing assistance payments		124,617	124,617
974	Depreciation expense	339,209		339,209
975	Fraud losses			-
976	Capital outlays- governmental funds			-
977	Debt principal payment- governmental funds			-
978	Dwelling units rent expense			-
900	**TOTAL EXPENSES**	999,152	155,718	691,044
	OTHER FINANCING SOURCES (USES)			
1005	Proceeds from notes, loans and bonds			
1006	Proceeds from property sales			
1010	**TOTAL OTHER FINANCING SOURCES (USES)**	-	-	-
1000	**EXCESS (DEFICIENCY) OF TOTAL REVENUE OVER (UNDER) TOTAL EXPENSES**	(341,411)	(3,894)	118,521
1101	Capital contributions			
1103	Beginning equity			-
1104	Prior period adjustments and equity transfers			-
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"			-
1113	Maximum annual contributions commitment (per ACC)			
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			
1120	Unit months available			-
1121	Number of unit months leased			-
	Equity Roll Forward Test			Sum of A:
	Calculation from R/E Statement	(341,411)	(3,894)	
	B/S Line 513	-	-	Sum of B:
		(341,411)	(3,894)	