

VERNON PARISH POLICE JURY SECTION B PROGRAM

NOTES TO FINANCIAL STATEMENTS

(Continued)

DECEMBER 31, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, such as reinstatement of prior-year encumbrances. The Board and HUD must approve fund appropriation increases. Any unused appropriations lapse at year-end. Budgeted amounts are as originally adopted or as amended by the Board and HUD.

(6) Cash and Cash Equivalents

The entity defines cash and cash equivalents to include certificates of deposit, money market funds, savings accounts, and demand deposits.

(7) Interfund Transactions

During the course of normal operations, the Authority has numerous transactions between funds to provide services, construct assets, and service debt. These transactions are generally reflected as operating transfers except for transactions reimbursing a fund for expenditures made by it for the benefit of another fund. Such transactions are recorded as expenditures in the disbursing fund and as a reduction of expenditures in the receiving fund.

(8) Compensated Absences

The cost of accumulated unpaid vacation and sick leave is not accrued.

(9) Total Columns as Combined Statements

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

VERNON PARISH POLICE JURY SECTION 6 PROGRAM

NOTES TO FINANCIAL STATEMENTS

(Continued)

DECEMBER 31, 1996

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**ACCOUNT GROUPS**

Account groups are used to establish accounting control and accountability for the Authority's general fixed assets and general long-term debt for governmental fund types. These are not "funds." They are concerned only with the measurement of financial position and not with results of operations. The following are the Authority's account groups:

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the Authority.

General Long-Term Debt Account Group - This account group is established to account for all long-term debt of the Authority.

(4) **Basis of Accounting**

Basis of accounting refers to when revenues and expenditures, or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All Governmental and Agency Funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Revenues are considered "measurable" when received in-cash, except for certain revenues which are accrued when they are both measurable and available or have not been received at the normal time of receipt. Certain grant revenues are accrued when funds are expended. Revenues susceptible to accrual are federal grants, interest on investments, and other miscellaneous revenues which are both measurable and available to finance expenditures of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Agency Funds are custodial in nature and do not measure results of operations. They are clearing accounts whose assets at all times are equally offset by related liabilities.

(5) **Budgetary Data**

The Authority is required by its HUD Annual Contributions Contracts to adopt annual budgets for the Low-Rent Housing Program, included in the General Fund, and all Assisted Housing (Section 8) Programs, included in Special Revenue Funds. Annual budgets are not required for Capital Projects Funds as their budgets are approved for the length of the project. Both annual and project length budgets require grantor approval.

VERNON PARISH POLICE JURY SECTION B PROGRAM  
 STATEMENT OF INCOME AND EXPENSES — STATUTORY BASIS  
 ANNUAL CONTRIBUTION CONTRACT  
FW — 2027

		Year Ended
		12-31-98
Operating Income	\$	0.00
Total Operating Income - Exhibit D		0.00
Operating Expenses		
Administration		6,028.34
Housing assistance payments		38,591.00
Independent public accountant audit costs		910.00
Total Operating Expenses - Exhibit D		45,529.34
Net Operating Income (Loss)		(45,529.34)
Net Loss - Exhibit D	\$	(45,529.34)

## VERNON PARISH POLICE JURY SECTION 8 PROGRAM

ANALYSIS OF SURPLUS — STATUTORY BASIS  
TWELVE MONTHS ENDED DECEMBER 31, 1999ANNUAL CONTRIBUTION CONTRACT  
FW — 2277Unreserved Surplus

Balance per prior audit at 12-31-98	\$	(127,049.00)
Net loss for the year ended 12-31-99 - Exhibit B		(45,529.34)
(Provision for) reduction of Operating Reserve for year ended 12-31-99 - Exhibit C		(658.66)
(Provision for) reduction of Project Account for year ended 12-31-99 - Exhibit D		1,345.00
Balance at 12-31-99		<u>(171,891.00)</u>

Reserved Surplus - Operating Reserve

Balance per prior audit at 12-31-98		2,607.19
Provision for (reduction of) Operating Reserve for the year ended 12-31-99 - Exhibit D		658.66
Balance at 12-31-99	\$	<u>3,265.85</u>

## VERNON PARISH POLICE JURY SECTION 8 PROGRAM

BALANCE SHEET — STATUTORY BASIS  
DECEMBER 31, 1996ANNUAL CONTRIBUTION CONTRACT  
FW — 2377ASSETS

Accounts receivable - HUD - 1995 YE settlement	\$	2,407.27
Accounts receivable - HUD - Exhibit D		<u>7,185.00</u>
Total Assets	\$	<u>9,592.27</u>

LIABILITIES AND SURPLUS

Accounts payable - other	\$	3,945.11
Accounts payable - HUD - 1994 YE Settlement		<u>2,993.91</u>
Total Liabilities		6,939.02
Surplus - Exhibit C		<u>2,653.25</u>
Total Liabilities and Surplus	\$	<u>9,592.27</u>

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MEMBER COMPANY OF

Independent Auditor's Report on Internal Control  
Structure Used in Administering Federal  
Financial Assistance Programs --  
No-Misc. Programs

We have audited the financial statements of the Vernon Parish Police Jury Section 8 Program, as of and for the year ended December 31, 1995, and have issued our report thereon dated April 16, 1997.

We conducted our audits in accordance with generally accepted auditing standards; *Governors' Auditing Standards* issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, and about whether the Vernon Parish Police Jury Section 8 Program complied with laws and regulations, non-compliance with which would be material to a federal financial assistance program.

In planning and performing our audits for the year ended December 31, 1995, we considered the Authority's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on the Authority's financial statements and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the financial statements in a separate report dated April 16, 1997.

The management of the Vernon Parish Police Jury Section 8 Program is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, objectives and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

VERNON PARISH POLICE JURY SECTION 3 PROGRAM

SPECIAL REVENUE FUND TYPES  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 DECEMBER 31, 1999

	<u>Autized Housing Programs</u>	
	<u>Voucher Program</u>	<u>Total</u>
<b>REVENUES</b>		
Intergovernmental	\$ 46,188.00	\$ 46,188.00
Total Revenues	<u>46,188.00</u>	<u>46,188.00</u>
<b>EXPENDITURES</b>		
Administration	8,000.04	8,000.04
Housing assistance payments	38,187.96	38,187.96
Total Expenditures	<u>46,188.00</u>	<u>46,188.00</u>
Excess (deficiency) of revenues over (under) expenditures	699.80	699.80
<b>FUND BALANCE, beginning of year</b>	<u>2,607.19</u>	<u>2,607.19</u>
<b>FUND BALANCE, end of year</b>	<u>\$ 3,306.99</u>	<u>\$ 3,306.99</u>

The Notes to Financial Statements are an integral part of these statements.

VERNON PARISH POLICE JURY SECTION 8 PROGRAM  
 COMPUTATION OF ANNUAL CONTRIBUTIONS EARNED AND  
 PROJECT ACCOUNT — OPERATING RESERVE CHANGES  
 HOUSING ASSISTANCE PAYMENTS PROGRAM

ANNUAL CONTRIBUTION CONTRACT  
FW — 2277

		<u>Year Ended</u>
		<u>12-31-96</u>
Maximum Contribution Available		
Maximum annual contribution authorized	\$	44,641.00
Project account balance at beginning of fiscal year		<u>47,262.04</u>
Total Annual Contribution Available		<u>92,123.04</u>
Annual Contribution Required		
Housing assistance payments		38,091.00
Administrative fee		6,695.00
Preliminary expense		<u>910.00</u>
		45,186.00
Project receipts other than annual contribution		<u>                    </u>
Total Contribution Required - Exhibit C		<u>45,186.00</u>
Excess in Annual Contribution Available	\$	<u>45,037.04</u>
Year-end Settlement		
Annual contribution due for fiscal year		45,186.00
Total partial payments received by PHA for fiscal year		<u>39,001.00</u>
(Over) Under Payment Due (HUC) PHA	\$	<u>7,185.00</u>



VERNON PARISH POLICE JURY SECTION 6 PROGRAM

NOTES TO FINANCIAL STATEMENTS

(Continued)  
DECEMBER 31, 1998

**NOTE B - ACTIVITIES OF THE PHA**

At December 31, 1998, the Police Jury was managing 18 units of Vouchers under Program PW - 2277.

**NOTE C - 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 refund by the entity to federal grantees and/or program beneficiaries.

**NOTE D - DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS**

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and Investments

The carrying amount approximates fair value because of the short maturity of these instruments.

Long Term Debt

It is not possible to estimate the fair value of long term debt owed to the federal government by this governmental entity, a housing authority. The housing authority is unable, by law, to secure long term financing from any other source. FASB 107 describes fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties.

**NOTE E - 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.

**NOTE F - USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS**

The preparation of these financial statements requires the use of estimates by management. No significant estimates have been made by management that require disclosure.

VERNON PARISH POLICE JURY SECTION B PROGRAM  
 COMPUTATION OF ANNUAL CONTRIBUTIONS EARNED AND  
 PROJECT ACCOUNT -- OPERATING RESERVE CHARGES  
 HOUSING ASSISTANCE PAYMENTS PROGRAM

ANNUAL CONTRIBUTION CONTRACT  
FW - 2277

	Year Ended
	12-31-96
<b>Status of Project Account</b>	
Project account balance at the beginning of fiscal year	\$ 47,282.04
Increase (decrease) during fiscal year - Exhibit C	(1,245.00)
	46,037.04
<b>Provision for Operating Reserve</b>	
Operating receipts	
Operating income - Exhibit B	0.00
Annual contributions earned	46,186.00
	46,186.00
<b>Operating Expenditures</b>	
Operating expenses - Exhibit B	45,529.34
	45,529.34
<b>Residual receipts (deficit) before provision for operating reserve</b>	656.66
<b>Audit adjustments - backed out</b>	
(Provision for) reduction of operating reserve - Exhibit C	(656.66)
	0.00
<b>Residual receipts (deficit) per PHA</b>	\$ 0.00

VERNON PARISH POLICE JURY SECTION 8 PROGRAM

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1995

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Housing Authority of Vernon Parish Police Jury Section 8 Program (the Authority), a public corporate body, was organized for the purpose of providing decent, safe, and sanitary dwelling accommodations for persons of low income.

The Authority is engaged in the acquisition, modernization, and administration of low-cost housing. In addition, the Authority has administrative responsibility for various other community development programs whose primary purpose is the development of viable urban communities by providing decent housing, a suitable living environment, and economic opportunities principally for persons of low and moderate income.

The Authority is administered by a governing Board of Commissioners (the Board), whose members are appointed by the Mayor of the Vernon Parish Police Jury Section 8 Program. Each member serves a five-year term on a rotating basis. Substantially all of the Authority's revenue is derived from subsidy contracts with the U.S. Department of Housing and Urban Development (HUD). The Annual Contributions Contracts entered into by the Authority and HUD provide operating subsidies for Authority-owned public housing facilities, housing assistance payments for eligible individuals, and receipt of annual debt service requirements for HUD-related long-term debt.

(1) Financial Reporting Entity

Generally accepted accounting principles require that the financial statements present the accounts and operations of the Authority and its component units, entities for which the Authority is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the Authority's operations and data from these units, if any, are combined with data of the Authority. Each discretely presented component unit, if any, would be reported in a separate column in the combined financial statements to emphasize that it is legally separate from the Authority. As of December 31, 1995, and for the fiscal year then ended, the Authority had no discretely presented component units or any component units required to be blended in these financial statements.

(2) Fund Accounting

The accounts of the Authority are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. The various funds are grouped by type and broad categories in the financial statements as follows:

VERNON PARISH POLICE JURY SECTION B PROGRAM

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

BUDGET (GAAP BASIS) AND ACTUAL

GENERAL FUND AND SPECIAL REVENUE FUNDS

YEAR ENDED DECEMBER 31, 1999

	General Fund			Special Revenue Funds		
	Budget	Actual	Over (Under) Budget	Budget	Actual	Over (Under) Budget
REVENUES						
Intergovernmental			0.00	\$ 28,861.00	\$ 48,186.00	\$ 19,325.00
Total Revenue	0.00	0.00	0.00	28,861.00	48,186.00	19,325.00
EXPENDITURES						
Administration			0.00	8,776.00	8,028.24	747.76
Housing assistance payments			0.00	52,282.00	50,591.08	1,690.92
Total Expenditures	0.00	0.00	0.00	59,058.00	49,628.24	9,429.76
Business (payments) of revenues Over (under) expenditures	0.00	0.00	0.00	0.00	899.76	\$ 899.76
Transfer of net income to unreserved fund						
FUND BALANCES, beginning of year						
FUND BALANCES, end of year						
		\$ 0.00			\$ 2,807.19	
					\$ 3,693.85	

The Notes to Financial Statements are an integral part of these statements.

VERNON PARISH POLICE JURY SECTION 8 PROGRAM

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES  
YEAR ENDED DECEMBER 31, 1986

	Governmental Fund Types				Total (Monies/Items Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>REVENUES</b>					
Intergovernmental	\$	\$ 48,186.00	\$	\$	\$ 48,186.00
Total Revenues	0.00	48,186.00	0.00	0.00	48,186.00
<b>EXPENDITURES</b>					
Administration		8,008.34			8,008.34
Housing assistance payments		38,529.00			38,529.00
Total expenditures	0.00	46,537.34	0.00	0.00	46,537.34
Excess (deficiency) of revenues over (under) expenditures	0.00	858.66	0.00	0.00	858.66
<b>OTHER FINANCING SOURCES(USES)</b>					
Operating transfers in					0.00
Operating transfers out					0.00
Total other financing sources(uses)	0.00	0.00	0.00	0.00	0.00
FUND BALANCE, beginning of year		2,807.18			2,807.18
FUND BALANCE, end of year	\$ 0.00	\$ 3,665.84	\$ 0.00	\$ 0.00	\$ 3,665.84

The Notes to Financial Statements are an integral part of these statements.

VERMONT PARISH POLICE JURY SECTION 8 PROGRAM  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES AND ACCOUNT GROUPS (Continued)  
 DECEMBER 31, 1996

	Governmental Fund Types			Priority Fund Types		Account Groups		Total (Nonmonetary Only)
	General	Social Services	Debt Service	Capital Projects	Trust and Agency	General Fund/ Assets	Special Fund/ Debt	
<b>LIABILITIES AND FUND EQUITY</b>								
<b>LIABILITIES</b>								
Accounts payable	\$	\$ 1,045.11	\$	\$	\$	\$	\$	\$ 1,045.11
Due to:								
Other governments		2,063.91						2,063.91
Total Liabilities	0.00	3,109.02	0.00	0.00	0.00	0.00	0.00	3,173.02
<b>FUND EQUITY</b>								
Fund balances:								
Unassigned		3,263.08						3,263.08
Undesignated	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Fund Equity	0.00	3,263.08	0.00	0.00	0.00	0.00	0.00	3,263.08
Total Liabilities and Fund Equity	0.00	\$ 6,372.10	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 6,436.10

The Notes to Financial Statements are an integral part of these statements.

VERMOR PARISH POLICE JURY SECTION 4 PROGRAM  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES AND ACCOUNT GROUPS  
 DECEMBER 31, 1986

ACCOUNTS	Governmental Fund Types				Fiduciary Fund Types		Account Groups		Total (Majority of Only)
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency	General Fixed Assets	General Long-Term Debt		
Due from Other Governments	\$ 0.00	\$ 8,582.27	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 8,582.27	
Total Assets	\$ 0.00	\$ 8,582.27	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 8,582.27	

VERNON PARISH POLICE JURY SECTION 8 PROGRAM

NOTES TO FINANCIAL STATEMENTS

(Continued)

DECEMBER 31, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(3) Fund Accounting (continued)

GOVERNMENTAL FUNDS

Governmental Funds are those through which most governmental functions of the Authority are financed. The measurement focus is on determination of financial position and changes in financial position rather than on net income determination. The following are the Authority's governmental fund types:

General Fund - The General Fund is the general operating fund of the Authority. The General Fund is used to account for all revenues and expenditures applicable to the general operations of the Authority which are not properly accounted for in another fund. All general operating revenues which are not restricted or designated as to their use by outside sources are recorded in the General Fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

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

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition, construction, or rehabilitation of major capital facilities.

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the Authority as an agent for individuals, private organizations, other governmental units, and/or other funds. The following is the Authority's fiduciary fund type:

Agency Funds - Agency Funds include Tenant Security Deposit Fund. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of result of operations.



VERMONT PARISH POLICE JURY SECTION 8 PROGRAM  
SPECIAL REVENUE FUND TYPES  
COMBINING BALANCE SHEET  
DECEMBER 31, 1996

	Voucher Program	Total
<b>ASSETS</b>		
Due from:		
Other governments	\$ 9,899.37	\$ 9,899.37
<b>Total Assets</b>	\$ 9,899.37	\$ 9,899.37
<b>LIABILITIES AND FUND EQUITY</b>		
<b>LIABILITIES</b>		
Accounts payable	3,948.11	3,948.11
Due to:		
Other governments	2,263.39	2,263.39
<b>Total liabilities</b>	6,211.50	6,211.50
<b>FUND EQUITY</b>		
Unreserved and assigned	3,687.89	3,687.89
<b>Total fund equity</b>	3,687.89	3,687.89
<b>Total liabilities and fund equity</b>	\$ 9,900.39	\$ 9,900.39

The Notes to Financial Statements are an integral part of these statements.

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PUBLIC ACCOUNTANTS

Independent Auditors' Report on Compliance with  
Specific Requirements Applicable to Non-Major Federal  
Financial Assistance Program Transactions

We have audited the financial statements of the Vernon Parish Police Jury Section 8 Program, as of and for the twelve months ended December 31, 1996, and have issued our report thereon dated April 16, 1997.

In connection with our audit of the financial statements of the Vernon Parish Police Jury Section 8 Program, as of and for the twelve months ended December 31, 1996, and with our consideration of the Authority's control structure used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, "Audit of State and Local Governments," we selected certain transactions applicable to certain non-major federal financial assistance programs for the twelve months ended December 31, 1996. As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed; eligibility; reporting; cost allocation; analysis of general fund cash; fair market rent ceiling on housing assistance payments; rent reasonableness; housing quality standards property inspections; and annual rent adjustment limits that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Authority's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items listed, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Vernon Parish Police Jury Section 8 Program, had not complied, in all material respects, with those requirements.

This report is intended for the information of the Board of Commissioners, management, and U.S. Department of Housing & Urban Development. However, this report is a matter of public record, and its distribution is not limited.

*Estes and Associates*

Fort Worth, Texas  
April 16, 1997

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

Accounting Controls  
Revenues, receivables, and  
cash receipts  
Procurement, payables, and  
cash disbursement  
Property and equipment  
Payroll  
Finance, debt, debt service

Administrative Controls  
Political activity  
Davis-Bacon Act  
Civil rights  
Cash management  
Federal financial reports  
Allowable costs/Cost principles  
Drug Free Workplace Act  
Administrative requirements  
Types of services -  
allowability  
Eligibility  
Reporting  
Cost allocation  
Special requirements

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended December 31, 1995, the Vernon Parish Police Jury Section 8 Program, had no major federal financial assistance programs and expended 100 percent of its total federal financial assistance under nonmajor federal financial assistance programs: Section 8 Vouchers.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we have considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to the aforementioned nonmajor programs. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program 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 structure and its operations that we consider to be material weaknesses as defined above.

This report is intended for the information of the Board of Commissioners, management, and U.S. Department of Housing & Urban Development. This report is a matter of public record, and its distribution is not limited.

*Estes and Associates*

Fort Worth, Texas  
April 18, 1997

2548

RECEIVED  
ACTING COMMISSIONER  
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**VERNON PARISH POLICE JURY SECTION 8 PROGRAM**  
**REPORT ON EXAMINATION OF**  
**FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA**  
**TWELVE MONTHS ENDED DECEMBER 31, 1996**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or controller, and other responsible public officials. The report is available for public inspection at the State House office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4/29/97

**Ernst & Associates**  
CERTIFIED PUBLIC ACCOUNTANTS

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MEMBER  
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**Report of Independent Certified Public Accountants  
on Financial Statements and Financial Schedules**

Board of Commissioners  
Vernon Parish Police Jury  
Section 8 Program

Regional Inspector General for Audit  
Office of Inspector General  
Department of Housing and Urban  
Development

We have audited the accompanying general purpose financial statements and the combining and individual fund and account group financial statements of the Vernon Parish Police Jury Section 8 Program (the Authority) as of December 31, 1996, and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-133, "Audits of State and Local Governments." These standards require that we 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Vernon Parish Police Jury Section 8 Program as of December 31, 1996, and the results of its operations for the year then ended in conformity with generally accepted accounting principles. Also, in our opinion, the combining and individual fund and account group financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds and account groups of the Vernon Parish Police Jury Section 8 Program as of December 31, 1996, and the results of operations of such funds for the year then ended in conformity with generally accepted accounting principles.

This report is intended for the information of the Board of Commissioners, management, and U.S. Department of Housing & Urban Development. This report is a matter of public record, and its distribution is not limited.

*Estes and Associates*

Fort Worth, Texas

April 16, 1997



## VERNON PARISH POLICE JURY SECTION 8 PROGRAM

ANALYSIS OF SURPLUS - STATUTORY BASIS  
TWELVE MONTHS ENDED DECEMBER 31, 1996ANNUAL CONTRIBUTION CONTRACT  
FW - 2227

<b>Project Account</b>		
Balance per prior audit at 12-31-95	\$	47,202.04
Provision for (reduction of) Project Account for year ended 12-31-96 - Exhibit D		<u>(1,343.00)</u>
Balance at 12-31-96		<u>45,859.04</u>
<b>Commutative HUD Contributions</b>		
Balance per prior audit at 12-31-95		79,766.00
Annual contribution for year ended 12-31-96 - Exhibit D		<u>46,185.00</u>
Balance at 12-31-96		<u>125,951.00</u>
Total Surplus - Exhibit A	\$	<u>3,293.85</u>

VERNON PARISH POLICE JURY SECTION 8 PROGRAM  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 1996

Prior Audit Findings and Questioned Cost

There were no prior audit findings.

Current Audit Findings

None.

Questioned  
Cost

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MEMORANDUM  
FEDERAL BUREAU OF INVESTIGATION  
UNITED STATES DEPARTMENT OF JUSTICE

**Independent Auditor's Report on Compliance with the  
General Requirements Applicable to  
Federal Financial Assistance Programs**

We have audited the financial statements of the Vernon Parish Police Jury Section 8 Program, as of and for the twelve-months ended December 31, 1996, and have issued our report thereon dated April 16, 1997.

We have applied procedures to test the Vernon Parish Police Jury Section 8 Program's compliance with the following requirements applicable to each of its federal financial assistance programs, which are identified in the schedule of federal financial assistance, for the twelve months ended December 31, 1996.

Political Activity  
Davis-Bacon Act  
Civil Rights  
Cash Management  
Federal Financial Reports (Claims for Advances  
and Reimbursements)  
Allowable Costs/Cost Principles  
Drug Free Workplace Act  
Administrative Requirements

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's *Compliance Supplement for Single Audit of State and Local Governments*. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Authority's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the Vernon Parish Police Jury Section 8 Program had not complied, in all material respects, with those requirements.

This report is intended for the information of the Board of Commissioners, management, and U.S. Department of Housing & Urban Development. However, this report is a matter of public record, and its distribution is not limited.

*Estes and Associates*

Fort Worth, Texas  
April 16, 1997

In accordance with Government Auditing Standards, we have also issued a report dated April 16, 1997, on our consideration of the Authority's internal control structure and a report dated April 16, 1997, on its compliance with laws and regulations.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole and on the combining and individual fund and account group financial statements. The budgetary information included in the accompanying financial statements and the accompanying financial information listed as financial schedules in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Vernon Parish Police Jury Section 8 Program. Such information has been subjected to the auditing procedures applied in the audit of the general purpose, combining and individual fund and account group financial statements and, in our opinion, is fairly stated in all material aspects in relation to the financial statements of each of the respective individual funds and account groups taken as a whole.

*Estes and Associates*

Fort Worth, Texas

April 16, 1997

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**MEMORANDUM**  
SUBJECT: VERNON POLICE JURY SECTION B PROGRAM  
DATE: 4/15/97

MEMORANDUM FOR: [REDACTED]

**Independent Auditor's Compliance Report Based on an  
Audit of Financial Statements Performed  
in Accordance with Government Auditing Standards**

We have audited the financial statements of the Vernon Parish Police Jury Section B Program, as of and for the twelve months ended December 31, 1996, and have issued our report thereon dated April 15, 1997.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Vernon Parish Police Jury Section B Program is the responsibility of the Authority's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Authority's compliance with certain provisions of laws, regulations, contracts, and grants. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under *Government Auditing Standards*.

This report is intended for the information of the Board of Commissioners, management, and U.S. Department of Housing & Urban Development. This report is a matter of public record, and its distribution is not limited.

*Estes and Associates*

Fort Worth, Texas  
April 15, 1997

## VERNON PARISH POLICE JURY SECTION B PROGRAM

## SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

YEAR ENDED DECEMBER 31, 1995

<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>CFDA NO.</u>	<u>GRANT ID NO.</u>	<u>AWARD AMOUNT</u>	<u>PROGRAM EXPENDITURES</u>
U.S. Department of Housing and Urban Development				
Direct Programs:				
Voucher	14.177	FW- 2277	\$ <u>46,186.00</u>	\$ <u>46,186.00</u>
NonMajor Program Total			<u>46,186.00</u>	<u>46,186.00</u>
Total HUD			\$ <u>46,186.00</u>	\$ <u>46,186.00</u>

VERNON PARISH POLICE JURY SECTION 6 PROGRAM  
 ANALYSIS OF GENERAL FUND CASH BALANCE  
 ANNUAL CONTRIBUTION CONTRACT  
PW 2277

## Composition Before Adjustments

Net operating receipts retained:

Operating deficit - Exhibit D	\$	<u>3,253.65</u>
		3,253.65

## Adjustments

Expenses/costs not paid:

Accounts payable		6,328.42
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Income not received:

Accounts receivable		<u>(9,592.27)</u>
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General Fund Cash Available		<u>0.00</u>
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General Fund Cash - Exhibit A	\$	<u>0.00</u>
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**Independent Auditors' Report on the Internal  
Control Structure in Accordance with  
Governmental Auditing Standards**

We have audited the financial statements of the Vernon Parish Police Jury Section B Program, as of and for the twelve months ended December 31, 1995, and have issued our report thereon dated April 18, 1997.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the Vernon Parish Police Jury Section B Program is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of Vernon Parish Police Jury Section B Program, for the year ended December 31, 1995, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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 need no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.