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**URSANN SUPPORT AGENCY, INC.
MONROEVILLE, LOUISIANA**

**REPORT ON EXAMINATION OF FINANCIAL STATEMENTS,
INTERNAL CONTROL, AND COMPLIANCE**

JUNE 20, 1997

**JERRY L. WHITE
CERTIFIED PUBLIC ACCOUNTANT
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Under provisions of state law, this report is a public document. A copy of this report has been furnished to the auditor, all political, party and group committees, public officials. The report is available for public inspection at the State Board of Finance, the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **JUN 20 1997**

LEBANON SUPPORT AGENCY, INC.
GREENSBORO, LOUISIANA

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS,
INTERNAL CONTROL AND COMPLIANCE
JUNE 30, 1997

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	-2-
FINANCIAL STATEMENTS	
Combined Balance Sheet - All Fund Types and Accounts Groups	-4-
Combined Statement of Activity	-5-
Combined Statement of Revenue, Expenditures and Changes in Fund Balance - Budget (COMP Basis) and Actual	-6-
Notes to Financial Statements	-7-
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE GOVERNMENT AUDITING STANDARDS ISSUED BY THE GAO	-14-
INDEPENDENT AUDITOR'S REPORTS ON THE INTERNAL CONTROL STRUCTURE IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	-15-
MANAGEMENT LETTER COMMENTS	-18-

JERRY L. WHITE
Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Urban Support Agency, Inc.
Shreveport, Louisiana

I have audited the accompanying general purpose financial statements of Urban Support Agency, Inc., a non-profit corporation, as of June 30, 1997 and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of the Office of Management and Budget Circular A-133, "Audits of State and Local Governments." These 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Urban Support Agency, Inc., as of June 30, 1997, and the results of its operations and changes in financial position for the year then ended in conformity with generally accepted accounting principles.

My audit was made for the purpose of forming an opinion on the general purpose financial statements of the Urban Support Agency, Inc., taken as a whole. The accompanying financial information listed as supplementary financial information in

the table of contents is presented for purposes of additional analysis 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 as a whole.



Jerry L. White
Certified Public Accountant

August 14, 1997

URBAN SERVICES AGENCY, INC.
 SHREVEPORT, LOUISIANA
 ALL FUND TYPES AND ACCOUNT GROUPS
 COMBINED BALANCE SHEET
 For the Fiscal Year Ended June 30, 1997

	Urban Support Agency Fund	Account Group General Fund	Total (Memorandum Only)
ASSETS			
Cash	\$ 938	\$	\$ 938
Furniture and Equipment		20,962	20,962
	-----	-----	-----
TOTAL ASSETS	\$ 938	\$ 20,962	\$ 21,899
	*****	*****	*****
LIABILITIES AND FUND EQUITY			
Liabilities	\$	\$	\$
Bank Overdraft			
Taxes Payable	325		325
Accounts Payable			
	-----	-----	-----
TOTAL LIABILITIES	325		325
Fund Equity:			
Investment in general fixed assets		20,962	20,962
Fund Balance:			
Unreserved	612		612
	-----	-----	-----
Total Fund Equity	612	20,962	21,568
	-----	-----	-----
TOTAL LIABILITIES AND FUND EQUITY	\$ 938	\$ 20,962	\$ 21,899
	*****	*****	*****

The accompanying notes are an integral part of this statement.

URBAN SUPPORT AGENCY, INC.
 SHREVEPORT, LOUISIANA

CONDENSED STATEMENT OF ACTIVITY
 For the Fiscal Year Ended June 30, 1997

	Urban Support Agency Fund
REVENUES:	
Intragovernmental	\$ 80,000
Interest Income	
Donations	
Other	
Total Revenues	<u>80,000</u>
EXPENDITURES:	
Personnel	48,667
Travel	
Other Support Costs	11,579
Equipment	20,952
Total Expenditures	<u>79,367</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>613</u>
FUND BALANCE, BEGINNING	
INDEBTED TRANSFER	
FUND BALANCE, ENDING	\$ 613

The accompanying notes are an integral part of this statement.

URBAN SERVICES AGENCY, INC.
 SHREVEPORT, LOUISIANA

CONDENSED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
 BALANCE BUDGET (BAAF BASIS) AND ACTUAL - URBAN SUPPORT AGENCY
 For the Fiscal Year Ended June 30, 1997

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
[Inter governmental Interest Income]	\$ 80,000	\$ 80,000	\$
Total Revenues	80,000	80,000	
EXPENDITURES:			
Personnel	42,100	46,857	(4,747)
Other Support Cost [Travel]	32,202	31,578	20,654
Capital Outlay	5,660	20,952	(15,292)
Total Expenditures	80,000	99,387	613
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		613	613
FUND BALANCE, BEGINNING			
INTERFUND TRANSFER			
FUND BALANCE, ENDING	\$	\$ 613	\$ 613

The accompanying notes are an integral part of this statement.

URBAN SUPPORT AGENCY, INC.
SHREVEPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1967

411 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Presentation of Statements:

In April of 1964, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local government entities. In November of 1964, the GASB issued a codification of governmental accounting and financial reporting standards. This codification and subsequent amendments were recognized as generally accepted accounting principles for state and local governments.

The accompanying financial statements conform to generally accepted accounting principles for local government entities as prescribed by Statement 1, Governmental Accounting and Financial Reporting Principles published by the National Council on Governmental Accounting, Audit of State or Local Governmental Units, the industry audit guide issued by the American Institute of Certified Public Accountants and the revised Louisiana Municipal Audit and Reporting Guide.

b. Organization

Urban Support Agency, Inc. was incorporated on July 19, 1966 in Shreveport, Louisiana for civic and charitable purposes. The Board of Directors is composed of five members. The board officers for the year ended June 30, 1967 were Mr. Billy Mayne, Chairman, Mr. Ray Heman, Treasurer, and Mrs. Gloria Salinger, Secretary. Board members are not compensated.

URBAN SUPPORT AGENCY, INC.
SHREVEPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

JUNE 30, 1957

2. Fund Accounting

Urban Support Agency, Inc. uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental financial transactions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. The funds are included in the financial statements of this report, into one generic fund type as follows:

(1) Urban Support Agency Grant Fund

The Urban Support Agency Grant Fund is used to account for proceeds of the grant received from the Louisiana Office of Urban Affairs and Development.

URBAN SUPPORT AGENCY, INC.
SHREVEPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
(continued)

JUNE 30, 1997

d. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All funds utilized by Urban Support Agency, Inc. are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all funds appearing in this financial report. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Urban Support Agency, Inc. considers revenues as available if it is collected within 90 days after year end. Those revenues susceptible to accrual are

UNION SUPPORT AGENCY, INC.
SHREVEPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

JUNE 30, 1987

d. Basis of Accounting (Cont.):

Intergovernmental and contributions from private sources expenditures are recorded when the related fund liability is incurred.

e. Budgets and Budgetary Accounting:

Union Support Agency, Inc. generally follows these procedures in establishing the budgetary data reflected in these financial statements:

1. Management, with technical assistance provided by the Governor's Office of Urban Affairs and Development, prepares a proposed budget and submits the same to the Board of Directors for approval prior to the beginning of each fiscal year.
2. Budgetary amendments involving the transfer of funds from one program or function to another or instituting increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Directors.
3. All budgetary appropriations lapse at the end of each fiscal year.
4. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the Board of Directors, or the Louisiana Governor's Office of Urban Affairs and Development.

URBAN SUPPORT AGENCY, INC.
BRIARWOODS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

JUNE 30, 1997

e. Budgets and Budgetary Accounting (Con't):

5. Formal budgetary integration is employed as a management control device during the year for all funds.
6. Expenditures can legally exceed appropriations, but not more than 5%.

f. Expenditures - Actual and Budget

The following individual fund had actual expenditures over budgeted expenditures for the year ended June 30, 1997:

HOME

g. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions and construction are reflected as expenditures in grant funds, and the related assets are reported in the general fixed assets accounts group. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

URBAN SUPPORT AGENCY, INC.
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

JUNE 30, 1987

h. Cash

All cash funds are covered by FDIC insurance of a Federal insured financial institution.

i. Accrued Vacation Liability

The current policy of Urban Support Agency, Inc. does not provide for the accumulation of earned leave by employees; therefore, these financial statements do not contain a provision for accrued vacation liability.

j. Total columns on Combined Statements - Overview

Total columns on the Combined Statements - Overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position in conformity with generally accepted accounting principles, neither in such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

(2) FUNDING

Urban Support Agency, Inc. was funded by the Louisiana Office of Urban Affairs and Development, receiving \$80,000.

URBAN SUPPORT AGENCY, INC.
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

JUNE 30, 1967

1.3) INCOME TAX STATUS

Urban Support Agency, Inc., is a non-profit corporation, its exempt from Federal Income taxation under Section 501 (c) (3) of the Internal Revenue Code.

1.4) JUDGMENTS, CLAIMS, AND UNPAID LIABILITIES

There is no litigation pending against Urban Support Agency of June 30, 1967. Furthermore, Urban Support Agency' management believes that any potential liabilities would be adequately covered by insurance.

Urban Support Agency receives payments from various state grant programs which are subject to final review and approval as to allowability of expenditures by the respective grantor agencies. Any settlements or expenses arising out of a final review are recognized in the period in which agreed upon by the agency and Urban Support Agency. Also, it is management's opinion that any audits by the grantor agencies would not produce disallowed program costs and liabilities to such an extent that they would materially affect Urban Support Agency financial position.

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INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL
CONTROL STRUCTURE IN ACCORDANCE WITH
GOVERNMENT ACQUISITION STANDARDS

I have audited the general purpose financial statements of Urban Support Agency, Inc., as and for the year ended June 30, 1997, and have issued my report thereon dated August 14, 1997.

I conducted my audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments." These standards and OMB Circular A-128 require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

In planning and performing my audit of the general purpose financial statements of Urban Support Agency, Inc., for the year ended June 30, 1997, I considered the internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control structure.

The management of Urban Support Agency, Inc., 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 general purpose 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, projections 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.

For the purpose of this report, I have classified the significant internal control structure policies and procedures in the following categories:

- o Cash Receipts
- o Cash Disbursements
- o Purchasing and Receiving
- o Payroll
- o Property and Equipment

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

My 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 general purpose 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 structure and its operation that I consider to be material weaknesses as defined above.

This report is intended for the information of the audit committee, management, the State of Louisiana Office of Urban Affairs and Development. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



JERRY L. WHITE
CERTIFIED PUBLIC ACCOUNTANT

August 14, 1997

JERRY L. WHITE
Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
LAW AND REGULATIONS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS ISSUED BY THE GAO

Board of Directors
Urban Support Agency, Inc.
Shreveport, Louisiana

I have audited the general purpose financial statements of the Urban Support Agency, Inc., Shreveport, Louisiana as of and for the year ended June 30, 1997, and have issued my report thereon dated August 14, 1997.

I conducted my audit in accordance with generally accepted auditing standards, Governmental Auditing Standards, issued by the Comptroller General of the United States, and the provisions of the Office of Management and Budget Circular A-129, "Faculty of State and Local Governments." These standards and OMB Circular A-129 require that I 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 Urban Support Agency, Inc., Shreveport, Louisiana is the responsibility of Urban Support Agency's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of Urban Support Agency's compliance with certain provisions of laws, regulations, contracts, and grants. However, it should be noted that my objective was not to provide an opinion on overall compliance with such provisions.

The results of my tests indicate that, with respect to the items tested, Urban Support Agency, Inc. complied, in all material respects, with the provisions referred to in the preceding paragraphs. With respect to items not tested, nothing came to my attention that caused me to believe that Urban Support Agency, Inc. had not complied, in all material respects, with those provisions.

This report is intended for the information of the audit committee, management, the State of Louisiana Governor's Office of Urban Affairs and Development. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



JERRY L. WHITE
CERTIFIED PUBLIC ACCOUNTANT

August 14, 1997

JERRY L. WHITE
Certified Public Accountant

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(757) 483-1091

MANAGEMENT LETTER COMMENTS

Board of Directors
Orion Support Agency, Inc.
Shreveport, Louisiana

1. DEVELOP AND IMPLEMENT A VOUCHER PAYMENT SYSTEM FOR CASH DISBURSEMENTS.

Cash disbursements are made throughout the year for expenditures to support the program. Receipts from these expenditures are generally maintained as evidence of the propriety of the expenditure. I recommend that a voucher payable system be established to ensure proper accounting and control over these expenditures. The voucher should list the purpose of the expenditure, the vendor name, the amount of the purchase, the check number and also be approved by the Executive Director. All receipts and supporting documentation should be attached to the voucher and maintained in a permanent file by vendor name.

Management Response:

Recommendation accepted and will be implemented immediately.

2. PERFORM BANK RECONCILIATION ON A MONTHLY BASIS.

I noted during my review that monthly bank reconciliations had not been performed. Although all checks were accounted for and no exceptions were noted, timely performance of bank reconciliations is a key accounting control and must be completed.