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STATE OF MISSISSIPPI
DEPARTMENT OF REVENUE
JUN 20 1997

**SOCIALIZATION SERVICES, INC.
MEMPHIS, MISSISSIPPI**

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

JUNE 30, 1997

**JERRY L. WHITE
CERTIFIED PUBLIC ACCOUNTANT
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Printed Date: **11/19/99**
Revised Date: _____

SOCIALIZATION SERVICES, INC.
SHREVEPORT, 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 Revenues, Expenditures and Changes in Fund Balance - Budget (SAM Basis) and Actual - South Shreveport Center for Drug and Alcohol Abuse Grant Fund, Elderly Affairs Grant Fund	-6-
Notes to Financial Statements	-8-
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 AICPA	-11-
INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROL STRUCTURE IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	-19-
MANAGEMENT LETTER COMMENTS	-20-

JERRY L. WHITE
Certified Public Accountant

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(757) 483-3500

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Socialization Services, Inc.
Shreveport, Louisiana

I have audited the accompanying general purpose financial statements of Socialization Services, 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 Socialization Services, 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 Socialization Services, 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.

Jeffrey L. White

Jeffrey L. White
Certified Public Accountant

August 13, 1987

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

	Elderly Affair Grant Fund	Alcohol and Drug Abuse	General Fund
ASSETS			
Cash	\$ 326	\$ 11,247	\$ 17,870
Grants Receivable (3) Due from Elderly Fund			3,000
Furniture and Equipment not to be provided for retirement of general long-term debt (5)			
TOTAL ASSETS	\$ 326	\$ 11,247	\$ 19,870
LIABILITIES AND FUND EQUITY			
Liabilities:	\$	\$	\$
Bank Overdraft			
Taxes Payable			
Due to General Fund accounts Payable	2,000		
Loans Payable (5)			
TOTAL LIABILITIES	2,000		
Fund Equity:			
Investment in general fixed assets			
Fund Balance: Reserved	(1,674)	11,247	17,870
Total Fund Equity	(1,674)	11,247	19,870
TOTAL LIABILITIES AND FUND EQUITY	\$ 326	\$ 11,247	\$ 19,870

The accompanying notes are an integral part of this statement.

<u>Account Group</u>		
<u>General Fund Assets</u>	<u>General Long- Term Debt</u>	<u>Total (Memorandum Only)</u>
\$	\$	\$ 29,851 2,000
67,076		67,076
<hr/>	<hr/>	<hr/>
\$ 67,076	\$	\$ 96,527
<small>MEMORANDUM ONLY</small>	<small>MEMORANDUM ONLY</small>	<small>MEMORANDUM ONLY</small>
\$	\$	\$
		2,000
<hr/>	<hr/>	<hr/>
		2,000
67,076		67,076
<hr/>	<hr/>	<hr/>
67,076		29,851
<hr/>	<hr/>	<hr/>
67,076		96,527
<hr/>	<hr/>	<hr/>
\$ 67,076	\$	\$ 96,527
<small>MEMORANDUM ONLY</small>	<small>MEMORANDUM ONLY</small>	<small>MEMORANDUM ONLY</small>

SOCIALIZATION SERVICES, INC.
 SHREVEPORT, LOUISIANA

COMBINED STATEMENT OF ACTIVITY
 For the Fiscal Year Ended June 30, 1967

	Elderly Affairs Grant Fund	Alcohol and Drug Abuse Grant Fund
REVENUES:		
Interest Income	\$ 105,000	\$ 98,110
Interest Income	400	232
Donations		
Other		3,000
Total Revenues	<u>105,400</u>	<u>101,342</u>
EXPENDITURES:		
Personnel	80,095	74,120
Travel		
Dep. Exp.	90,235	19,396
Oper. Supplies	9,917	3,672
Prof. Svcs.		
Capital Outlays	4,000	500
Other Costs		
Total Expenditures	<u>187,005</u>	<u>98,097</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(81,605)</u>	<u>3,245</u>
FUND BALANCE, BEGINNING	(6,877)	0,000
INTERFUND TRANSFER	6,877	
FUND BALANCE, ENDING	\$ (1,624)	\$ 3,245

The accompanying notes are an integral part of this statement.

General Fund	Total (Memo Only)
\$ 48,934 90	\$ 200,044 723
<hr/> 49,024	<hr/> 200,767
30,135	190,000
2,838 911	112,269 18,000
2,990	7,507
<hr/> 39,974	<hr/> 204,786
<hr/> 2,450	<hr/> 11,021
17,000	10,430
(6,577)	
\$ 19,078	\$ 29,481

SOCIALIZATION SERVICES, INC.
 MONROE, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
 BALANCE BUDGET (GAAP BASIS) AND ACTUAL - ELDERLY AFFAIRS FUND TYPE
 For the Fiscal Year Ended June 30, 1987

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Intergovernmental	\$185,000	\$185,000	-
Interest Income		403	403
Total Revenues	<u>185,000</u>	<u>185,403</u>	<u>403</u>
EXPENDITURES:			
Personnel	92,364	87,896	9,368
Other Support Cost	24,398	26,914	(2,716)
Travel		93	(93)
Activities	60,238	73,188	(4,906)
Capital Outlay	300	4,020	(3,720)
Total Expenditures	<u>188,000</u>	<u>192,026</u>	<u>(2,026)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		(1,674)	(1,674)
FUND BALANCE, BEGINNING		(6,577)	(6,577)
INTERFUND RECEIPTS		6,577	6,577
FUND BALANCE, ENDING	\$	\$ (1,674)	\$ (1,674)

The accompanying notes are an integral part of this statement.

SOCIALIZATION SERVICES, INC.
 SHREVEPORT, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
 BALANCE BUDGET (GAAP BASIS) AND ACTUAL - SOUTH SHREVEPORT COMMUNITY
 CENTER FOR DRUG AND ALCOHOL ABUSE

For the Fiscal Year Ended June 30, 1997

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Intergovernmental	\$ 90,110	\$ 90,110	\$
Interest Income		200	200
Other		3,000	3,000
Total Revenues	90,110	100,310	3,200
EXPENDITURES:			
Personnel	70,000	74,522	5,000
Travel		64	(64)
Other Support Cost	10,500	23,003	(4,473)
Activities			
Capital Outlay		509	(509)
Total Expenditures	90,110	98,098	13
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		3,245	3,245
FUND BALANCE, BEGINNING		0,000	0,000
FUND BALANCE, ENDING	\$	\$ 31,247	\$ 31,247

The accompanying notes are an integral part of this statement.

SOCIALIZATION SERVICES, INC.
BIRMINGHAM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1967

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Presentation of Statements:

In April of 1964, the Financial Accounting Foundation established the Governmental Accounting Standards Board (FASB) to formulate generally accepted accounting principles and reporting standards with regard to activities and transactions of state and local governmental entities. In November of 1964, the FASB issued a codification of governmental accounting and financial reporting standards. This codification and subsequent GAO pronouncements are 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; *Quality of State or Local Governmental Units*, the industry audit guide issued by the American Institute of Certified Public Accountants; Section 500 - Fiscal Departments, Appendix A, committee manual for the Governor's Office of Elderly Affairs; and the revised Louisiana Municipal Audit and Accounting Guide.

b. Organization

Socialization Services, Inc. was incorporated on July 17, 1966 as Human Socialization, Inc., in Mississippi, Louisiana for civic and charitable purposes. Effective December 1, 1966, the Board of Directors adopted the name of Socialization Services, Inc. The Board of Directors is composed of eight members. The board officers for the period ended June 30, 1967 were Mr. Charles Snow, Chairman, Mrs. Helen Burton, Vice Chairman, Mrs. Willie Pennington, Treasurer, and Mrs. Beadie Colston, Secretary. Board members are not compensated.

SOCIALIZATION SERVICES, INC.
SHREVEPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

JUNE 30, 1997

e. Fund Accounting:

Socialization Services, 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 presented in the financial statements of this report, with one general fund type as follows:

(1) Elderly Affairs Grant Fund

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

(2) Drug and Alcohol Abuse Grant Fund

The Drug and Alcohol Abuse Grant Fund is used to account for proceeds of the grant received from the State of Louisiana Office of Urban Affairs and Development related to the Drug and Alcohol Abuse program.

SOCIALIZATION SERVICES, INC.
BIRMINGHAM, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

June 30, 1967

c. Fund Accounting (Cont'd):

(1) General Fund

The General Fund is used to account for funds and activities not directly related to program funds.

d. Basis of Accounting:

The accounting and financial reporting treatment applied to a fund is determined by the measurement focus. All funds utilized by Socialization Services, Inc. are accounted for under a current financial resources measurement focus. In 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. Socialization Services, Inc. considers revenues as available if 30 is collected within 90 days after year end. Those revenues susceptible to accrual are

SOCIALIZATION SERVICES, INC.,
BARRINGERPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

JUNE 30, 1997

d. **Basis of Accounting (Con't):**

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

e. **Budgets and Budgetary Accounting:**

Socialization Services, Inc. generally follows these procedures in establishing the budgetary data reflected in these financial statements:

1. Management, with technical assistance provided by the Office of Elderly Affairs and the Department of Health and Hospitals, 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 involving 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, the Louisiana Office of Elderly Affairs or the Louisiana Department of Health and Hospitals.

SOCIALIZATION SERVICES, INC.
SHREVEPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

JUNE 30, 1997

6. Budgets and Budgetary Accounting Control

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

7. Expenditures - Actual and Budget

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

ELDERLY AFFAIRS FUND

a. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital expenditures 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 on 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.

LOCALIZATION SERVICES, INC.
MEMPHIS, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
(Continued)

JUNE 30, 1997

B. Cash

All cash funds are covered by FDIC insurance at a Federally insured financial institution.

C. Accrued Vacation Liability

The current policy of Localization Services, Inc. does not provide for the accumulation of accrued leave for employees; therefore, these financial statements do not contain a provision for accrued vacation liability.

J. Total Column on Combined Statements - Description

Total column on the Combined Statements - Description 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. Whether in such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

(8) FININGS

Localization Services, Inc. was funded by the Louisiana Office of Sales Affairs and Development, receiving \$500,000 for the Elderly Fund and \$40,110 for Aged and Open Home for the Blind year ended June 30, 1997. Additional funding was received from the State of Louisiana for Medicaid in the amount of \$20,000 and from the City of Memphis, receiving \$25,110 for Elder and Housing.

SOCIALIZATION SERVICES, INC.
SHREVEPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

JUNE 30, 1967

(3) DEBTS RECEIVABLE

All monies had been received as of June 30, 1967.

(4) INCOME TAX STATUS

Socialization Services, Inc., a non-profit corporation, is exempt from Federal Income Taxation under Section 501 (c) (3) of the Internal Revenue Code.

(5) CARRIED IN LONG-TERM DEBT

Socialization Services extinguished all long term debt in the 1960's.

SOCIALIZATION SERVICES, INC.
SHREVEPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

JUNE 30, 1957

4-2 LIABILITIES, CLAIMS, AND SIMILAR CONTINGENCIES

There is no litigation pending against Socialization Services as of June 30, 1957. Furthermore, Socialization Services' management believes that any potential lawsuits would be adequately covered by insurance.

Socialization Services receives reimbursements from various State grant programs which are subject to final review and approval by theelligibility of expenditures by the recipient agency agencies. Any settlements or expenses arising out of a final review are provided in the period in which agreed upon by the agency and Socialization Services. Also, it is management's opinion that any audits by the grantor agencies would not result disclosed program costs and liabilities in such an extent that they would materially affect Socialization Services' financial position.

JERRY L. WHITE
Certified Public Accountant

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INDEPENDENT REPORTER'S REPORT ON THE INTERNAL
CONTROL STRUCTURE IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

I have audited the general purpose financial statements of Socialization Services Inc., as and for the year ended June 30, 1991, and have issued my report thereon dated August 15, 1991.

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-133, "Audits of State and Local Governments." These standards and OMB Circular A-133 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 Socialization Services Inc., for the year ended June 30, 1991, I considered its 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 Socialization Services, 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, protection of any evaluation of the structure to future periods is subject to the risk

wanted me to believe that Socialization Services 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 Elderly Affairs and the State of Louisiana Office of Human Resources, Division of Alcohol and Drug Education. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Jerry L. White

JERRY L. WHITE
CERTIFIED PUBLIC ACCOUNTANT

August 13, 1987

JERRY L. WHITE
Certified Public Accountant

1340 W Acadia Road
Portsmouth, Virginia 23703
(757) 483-7350

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
Socialization Services, Inc.
Shreveport, Louisiana

I have audited the general purpose financial statements of the Socialization Services, Inc., Shreveport, Louisiana as of and for the year ended June 30, 1997, and have issued my report thereon dated August 13, 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-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 financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants, applicable to Socialization Services, Inc., Shreveport, Louisiana is the responsibility of Socialization Services' management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of Socialization Services' 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, Socialization Services, Inc. complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to my attention that

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 in a reportable condition is 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 13, 1997

JERRY L. WHITE
Certified Public Accountant

3140 W Norfolk Road
Portsmouth, Virginia 23705
(757) 483-7791

MANAGEMENT LETTER COMMENTS

Board of Directors
Socialization Services, Inc.
Shreveport, Louisiana

14000 ADVISE EDUCATION PROGRAM

1. REQUEST ALL PARTICIPANTS TO SIGN-IN AS EVIDENCE OF THEIR ATTENDANCE.

The Drug Abuse program provides drug counseling and educational sessions to targeted youth within the threat Shreveport area. Drug educational sessions are held two-days a week with the program providing transportation to and from the location. Although a class roll is taken at every session, students are not required to sign-in. Requiring participants to sign-in would enhance the internal controls over the program and ensure independent evidence of participation exist. I therefore recommend that all participants be required to sign-in and those sign-in records are maintained as part of the class room program support documentation.



JERRY L. WHITE
CERTIFIED PUBLIC ACCOUNTANT

August 13, 1997