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URBAN SUPPORT AGENCY, INC.  
SHREVEPORT, LOUISIANA

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS,  
INTERNAL CONTROL AND COMPLIANCE

JUNE 30, 1998

JERRY L. WHITE  
CERTIFIED PUBLIC ACCOUNTANT  
19 COLMART WAY  
BRIDGEWATER, NEW JERSEY 08807  
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Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date FEB 17 1999

URBAN SUPPORT AGENCY, INC.  
SHREVEPORT, LOUISIANA

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS,  
INTERNAL CONTROL AND COMPLIANCE  
JUNE 30, 1998

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**JERRY L. WHITE**  
Certified Public Accountant

19 Colmart Way  
Bridgewater, NJ 08807  
(908) 541-0797

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

INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying statement of financial position of Urban Support Agency, Inc., a non-profit corporation, as of June 30, 1998 and the related statements of activities and cash flows for the year then ended, as listed in the table of contents. These financial statements are the responsibility of Urban Support's management. My responsibility is to express an opinion on these financial statements based on my audit.

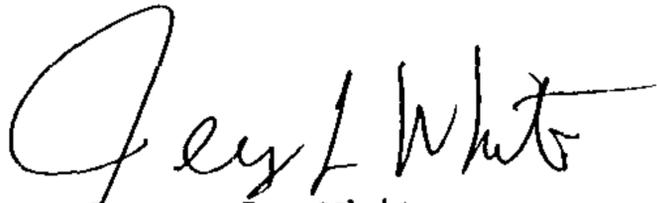
I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable 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 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, 1998, and the results of its operations and changes in

net assets and its 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 December 28, 1998 on my consideration of Urban Support Agency, Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated in all material respects in relation to the financial statements as a whole.



Jerry L. White  
Certified Public Accountant

December 28, 1998

URBAN SERVICES AGENCY , INC.  
 SHREVEPORT, LOUISIANA  
 ALL FUND TYPES AND ACCOUNTS GROUPS  
 STATEMENT OF FINANCIAL POSITION  
 For the Fiscal Year Ended June 30, 1998

	Urban Support Agency Fund	<u>Account Group</u> General Fixed Assets	Total (Memorandum Only)
<b>ASSETS</b>			
Cash	\$	\$	\$
Furniture and Equipment		20,952	20,952
	-----	-----	-----
TOTAL ASSETS	\$ =====	\$ 20,952 =====	\$ 20,952 =====
<b>LIABILITIES AND FUND EQUITY</b>			
Liabilities:	\$	\$	\$
Bank Overdraft	725		725
Taxes Payable	2,937		2,937
Accounts Payable	2,356		2,356
	-----	-----	-----
TOTAL LIABILITIES	6,018		6,018
Fund Equity:			
Investment in general fixed assets		20,952	20,952
Fund Balance:			
Unreserved	(6,018)	-----	(6,018)
Total Fund Equity	(6,018)	20,952	20,952
TOTAL LIABILITIES AND FUND EQUITY	\$ - =====	\$ 20,952 =====	\$ 20,952 =====

The accompanying notes are an integral part of this statement.

URBAN SUPPORT AGENCY, INC.  
SHREVEPORT, LOUISIANA

STATEMENT OF ACTIVITY  
For the Fiscal Year Ended June 30, 1998

	Urban Support Agency Fund
REVENUES:	
Intergovernmental	\$ 152,355
Interest Income	
Donations	
Other	
Total Revenues	<u>152,355</u>
EXPENDITURES:	
Personnel	73,091
Travel	3,003
Other Support Costs	9,924
Equipment	
Total Expenditures	<u>86,018</u>
Transfer to Socialization Services, Alcohol & Drug Abuse - (Note 1)	72,355
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(6,018)</u>
FUND BALANCE, BEGINNING	-
FUND BALANCE, ENDING	\$ (6,018) =====

The accompanying notes are an integral part of this statement.

URBAN SUPPORT AGENCY, INC.  
SHREVEPORT, LOUISIANA

STATEMENT OF CASH FLOWS  
June 30, 1998

CASH INFLOWS

Operations:

Excess (Deficiency) of Revenues over Expenditures	\$ (6,018)
Items not requiring an outlay of working capital:	
Depreciation	
Disposition of equip.	

Increase in Accrued Payroll	
Increase in Accounts Payable	2,356
Decrease in Prepaid Expense	
Decrease in Accounts Receivable	
Increase in Taxes Payable	1,999
Increase in Fund Balance	
Total Cash Inflows	(1,663)

CASH OUTFLOWS

Increase in Grant Receivable	
Increase in Prepaid Expense	
Decrease in Accounts Payable	
Decrease in Taxes Payable	
Increase in Accts Receivable	
Decrease in Accrued Payroll	
Increase in Fixed Assets	
Total Cash Outflows	

INCREASE (DECREASE) IN CASH

UNRESTRICTED CASH @ 7/01/97	938
UNRESTRICTED CASH @ 6/30/98	(725)
	=====

The accompanying notes are an integral part of this financial statement.

URBAN SUPPORT AGENCY, INC.  
SHREVEPORT, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1998

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Presentation of Statements:

In April of 1984, 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 governmental entities. In November of 1984, the GASB issued a codification of governmental accounting and financial reporting standards. This codification and subsequent GASB 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; Audits 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 Accounting Guide.

b. Organization

Urban Support Agency, Inc. was incorporated on July 19, 1996 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, 1998 were Mr. Carter Bedford, Chairman, Ms Gloria Galimore, Treasurer, and Ms Cherry Burton, Secretary. Board members are not compensated.

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

JUNE 30, 1998

c. Fund Accounting:

Urban Support Agency, Inc. use 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 financed functions 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 grouped 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.

The Louisiana Office of Urban Affairs and Development issued a mini-grant to Urban Support in 1997-98 for \$72,355. These funds were transferred to Socialization Services, Inc., Alcohol and Drug Abuse Program. Socializations Services, Inc., is a non-profit organization that is audited separately from Urban Support Agency, Inc.

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

JUNE 30, 1998

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 revenue as available if it is collected within 60 days after year end. Those revenues susceptible to accrual are intergovernmental and contributions from private sources. Expenditures are recorded when the related fund liability is incurred.

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

JUNE 30, 1998

e. Budgets and Budgetary Accounting:

Urban 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 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 or the Louisiana Governor's Office of Urban Affairs and Development.

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

JUNE 30, 1998

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

For the year ended June 30, 1998, actual expenditures exceeded budgeted expenditures by the following amount:

(\$6,018)  
=====

g. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition 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.  
SHREVEPORT, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

JUNE 30, 1998

h. Cash

All cash funds are covered by FDIC insurance at a federally 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 is 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 \$ 152,355.

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

JUNE 30, 1998

(3) INCOME TAX STATUS

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

(4) JUDGEMENTS, CLAIMS, AND SIMILAR CONTINGENCIES

There is no litigation pending against Urban Support Agency at June 30, 1998. Furthermore, Urban Support Agency' management believes that any potential lawsuits would be adequately covered by insurance.

Urban Support Agency receives revenues 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.

S U P P L E M E N T A R Y   I N F O R M A T I O N

URBAN SERVICES AGENCY, INC.  
SHREVEPORT, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE BUDGET (GAAP BASIS) AND ACTUAL - URBAN SUPPORT AGENCY  
For the Fiscal Year Ended June 30, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
	-----	-----	-----
REVENUES:			
Intergovernmental	\$ 152,355	\$ 152,355	\$
Interest Income			
Total Revenues	<u>152,355</u>	<u>152,355</u>	
EXPENDITURES:			
Personnel	74,069	73,091	978
Material and Supplies	2,731	5,792	(3,061)
Postage		319	(319)
Insurance	1,000	2,142	(1,142)
Bank Charges		671	(671)
Travel	1,200	3,003	(1,803)
Audit	1,000	1,000	
Total Expenditures	<u>80,000</u>	<u>86,018</u>	<u>(6,018)</u>
TRANSFER TO SOCIALIZATION SERVICES, INC.-ALCOHOL AND DRUG ABUSE - (NOTE 1)	<u>72,355</u>	<u>72,355</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		(6,018)	(6,018)
FUND BALANCE, BEGINNING			
FUND BALANCE, ENDING	\$ =====	\$ (6,018) =====	\$ (6,018) =====

**JERRY L. WHITE**  
Certified Public Accountant

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

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

I have audited the financial statements of Urban Support Agency, Inc., Shreveport, Louisiana as of and for the year ended June 30, 1998 and have issued my report thereon dated December 28, 1998. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States.

Compliance

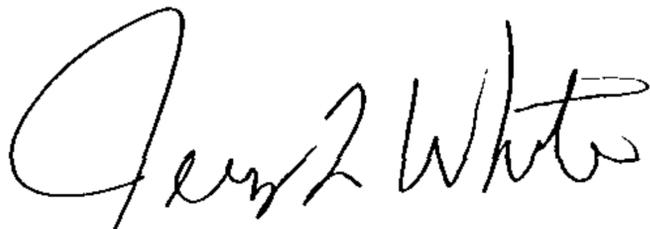
As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of Urban Support's compliance with certain provisions of laws, regulations, contracts, and grants, non-compliance with which could have a direct and material effect on 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 Urban Support Inc.'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. However, I did note several opportunities to improve internal control over financial reporting and reported thereon in the attached management letter comments.

This report is intended for the information of the audit committee, management, and the State of Louisiana Legislative Auditor's office, and federal awarding agencies and pass-through entities. 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

December 28, 1998

**JERRY L. WHITE**  
Certified Public Accountant

19 Colmart Way  
Bridgewater, NJ 08807  
(908) 541-0797

MANAGEMENT LETTER COMMENTS

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

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

Cash disbursements are made through-out 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 is 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 documentations should be attached to the voucher and maintained in a permanent file by vendor name.

Management Response:

See Management Corrective Action Plan, following.

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.

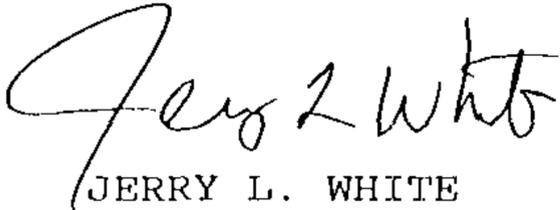
MANAGEMENT LETTER COMMENTS (CON'T)

2. PERFORM BANK RECONCILIATION ON A MONTHLY BASIS (Con'T).

I recommend that bank reconciliations be performed on a timely basis. The reconciliations should be reviewed periodically by the Executive Director.

Management Response:

See Management Corrective Action Plan, following.



JERRY L. WHITE  
CERTIFIED PUBLIC ACCOUNTANT

December 28, 1998

**JERRY L. WHITE**  
Certified Public Accountant

19 Colmart Way  
Bridgewater, NJ 08807  
(908) 541-0797

MANAGEMENT'S CORRECTIVE ACTION PLAN REPORT

Audit Comment (Finding) #1:

Develop and Implement a voucher payment system for cash disbursements.

Management Corrective Action Plan:

Effective immediately a voucher payment will be implemented. This system will involve the following steps:

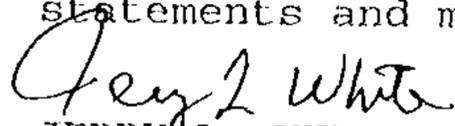
- 1) For each expenditure a voucher will be prepared listing the following:
  - a. Purpose of Expenditure
  - b. Vendor Name
  - c. Amount of Purchase
  - d. Check Number
- 2) Each completed voucher will be reviewed and approved by the Executive Director. The Executive Director will sign the voucher as evidence of review and approval.
- 3) All vouchers will be filed alphabetically by vendor and maintained in a permanent file.

Audit Comment (Finding) #2:

Perform Bank Reconciliation on a Monthly Basis.

Management Corrective Action Plan:

Effective immediately a monthly bank reconciliation will be performed by the program accountant. The accountant will present this reconciliation to the Executive Director no later than five (5) days after receipt of the monthly bank statement. The Executive Director will review the reconciliation and sign it as evidence of review. The bank reconciliation will be filed chronologically with the bank statements and maintained on a permanent basis.



JERRY L. WHITE  
CERTIFIED PUBLIC ACCOUNTANT



CARTER L. BEDFORD  
CHAIRMAN OF THE BOARD  
URBAN SUPPORT AGENCY, INC.

December 28, 1998

**JERRY L. WHITE**  
Certified Public Accountant

19 Colmart Way  
Bridgewater, NJ 08807  
(908) 541-0797

SUMMARY OF PRIOR YEAR FINDINGS

In 1997 the following Management Letter Comments were issued:

- 1) Develop and implement a voucher payment system for cash disbursements.

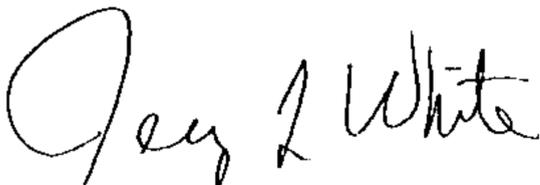
This comment is included again this year. Please see Management Corrective Action Plan for current year response.

- 2) Perform Bank Reconciliation on a monthly basis.

This comment is included again this year. Please see Management Corrective Action Plan for current year response.

- 3) Require all counselors to maintain class roll of participants.

As a result of this comment, Urban Support Agency, Inc. implemented sign-in and sign-out sheets for all students participating in the program. These sheets are maintained on permanent basis and were included in the compliance testing performed by this Auditor.



JERRY L. WHITE  
CERTIFIED PUBLIC ACCOUNTANT

December 28, 1998