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Rapides Parish Library

Component Unit Financial Report

Alexandria, Louisiana
December 31, 1999

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Release Date 08-02-00

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KNIGHT \diamond MASDEN

Certified Public Accountants

A PROFESSIONAL ACCOUNTING CORPORATION

Coan I. Knight, Jr., CPA
K. Martin Masden, CPA
John E. Theriot II, CPA

June 1, 2000

Associate:
Carolyn N. Craft, CPA

Independent Auditors' Report

The Board of Control
Rapides Parish Library
Alexandria, Louisiana

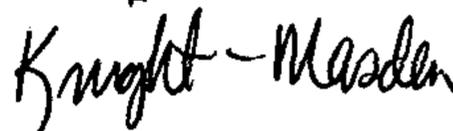
We have audited the accompanying general purpose financial statements of the Rapides Parish Library, a component unit of the Rapides Parish Police Jury in the State of Louisiana, as of December 31, 1999, and for the year then ended, as listed in the table of contents. The component unit general purpose financial statements are the responsibility of the Rapides Parish Library's management. Our responsibility is to express an opinion on these component unit general purpose financial statements based on our audit.

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 component unit general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the component unit general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Rapides Parish Library as of December 31, 1999, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 1, 2000, on our consideration of the Rapides Parish Library's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grants.

KNIGHT \diamond MASDEN



RAPIDES PARISH LIBRARY
A Component Unit of the Rapides Parish Police Jury
Combined Balance Sheet
All Fund Types and Account Group
December 31, 1999

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>		<u>Account Group</u>		Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Non- Expendable Trust	General	Fixed Assets		
Assets								
Cash and Cash Equivalents	\$ 300,106	\$ 6,918	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 307,024
Receivables								
Ad valorem taxes	2,087,690	-	-	-	-	-	-	2,087,690
Due from capital projects fund	51,453	-	-	-	-	-	-	51,453
Due from Rapides Foundation	-	-	51,453	-	-	-	-	51,453
Restricted Assets								
Cash and cash equivalents	-	-	-	57,140	-	-	-	57,140
Fixed Assets	-	-	-	-	6,201,374	-	-	6,201,374
Total Assets	\$ 2,439,249	\$ 6,918	\$ 51,453	\$ 57,140	\$ 6,201,374	\$ -	\$ -	\$ 8,756,134
Liabilities and Fund Equity								
Liabilities								
Accounts payable	92,603	-	-	-	-	-	-	92,603
Accrued liabilities	121,627	-	-	-	-	-	-	121,627
Due to general fund	-	-	51,453	-	-	-	-	51,453
Total Liabilities	214,230	-	51,453	-	-	-	-	265,683
Fund Equity								
Investment in general fixed assets	-	-	-	-	6,201,374	-	-	6,201,374
Fund balances								
Unreserved-undesignated	2,225,019	6,918	-	-	-	-	-	2,231,937
Reserved for endowments	-	-	-	57,140	-	-	-	57,140
Total Fund Equity	2,225,019	6,918	-	57,140	-	-	-	8,490,451
Total Liabilities and Fund Equity	\$ 2,439,249	\$ 6,918	\$ 51,453	\$ 57,140	\$ 6,201,374	\$ -	\$ -	\$ 8,756,134

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

RAPIDES PARISH LIBRARY
A Component Unit of the Rapides Parish Police Jury
**Combined Statement of Revenues, Expenditures,
and Changes in Fund Balance**
All Governmental Fund Types
For the Year Ended December 31, 1999

Governmental Fund Types

	General	Special Revenue	Capital Projects	Total (Memorandum Only)
Revenues				
Local Sources				
Taxes - ad valorem	\$ 2,223,330	\$ -	\$ -	\$ 2,223,330
Redemptions	8,242	-	-	8,242
Fees and charges	29,185	-	-	29,185
Fines and forfeitures	22,921	-	-	22,921
Gifts	41,325	13,481	-	54,806
Other revenues	66,447	-	-	66,447
Grants	-	-	147,740	147,740
State Sources				
Unrestricted	170,030	-	-	170,030
Restricted	35,577	-	-	35,577
Total Revenues	<u>2,597,057</u>	<u>13,481</u>	<u>147,740</u>	<u>2,758,278</u>
Expenditures				
Current				
Library administration (excluding salaries)	437,675	2,500	-	440,175
Salaries and related expenses	1,473,839	7,500	-	1,481,339
Capital Expenditures				
Buildings and equipment	140,103	-	-	140,103
Library materials	363,944	5,229	-	369,173
Automation project	8,175	6,400	147,740	162,315
Total Expenditures	<u>2,423,736</u>	<u>21,629</u>	<u>147,740</u>	<u>2,593,105</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	173,321	(8,148)	-	165,173
Other Financing Sources				
Transfer In	-	1,622	-	1,622
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under)				
Expenditures	173,321	(6,526)	-	166,795
Fund Balance, Beginning of Year	<u>2,051,698</u>	<u>13,444</u>	<u>-</u>	<u>2,065,142</u>
Fund Balance, End of Year	<u>\$ 2,225,019</u>	<u>\$ 6,918</u>	<u>\$ -</u>	<u>\$ 2,231,937</u>

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

RAPIDES PARISH LIBRARY
A Component Unit of the Rapides Parish Police Jury
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
General Fund

For the Year Ended December 31, 1999

	Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
Revenues					
Taxes - ad valorem	\$ 2,079,158	\$ 2,223,330	\$ (167,020)	\$ 2,056,310	\$ (22,848)
Redemptions	15,000	8,242	-	8,242	(6,758)
Fees and charges	10,000	29,165	-	29,165	19,165
Fines and forfeitures	20,000	28,240	-	28,240	8,240
Gifts	33,660	43,075	-	43,075	9,415
Other revenues	78,689	59,398	-	59,398	(19,291)
Revenue sharing	172,305	170,030	-	170,030	(2,275)
State Aid	41,978	35,577	-	35,577	(6,401)
Total Revenues	2,450,790	2,597,057	(167,020)	2,430,037	(20,753)
Expenditures					
Library administration	494,561	445,850	(26,122)	419,728	74,833
Salaries and related expenses	1,550,229	1,473,839	(11,818)	1,462,021	88,208
Buildings and equipment	186,755	140,103	(12,130)	127,973	58,782
Library materials	377,615	363,944	(21,790)	342,154	35,461
Total Expenditures	2,609,160	2,423,736	(71,860)	2,351,876	257,284
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (158,370)	\$ 173,321	\$ (95,160)	\$ 78,161	\$ 236,531
Fund Balance, Beginning of Year		2,051,698			
Fund Balance, End of Year		\$ 2,225,019			

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

RAPIDES PARISH LIBRARY
A Component Unit of the Rapides Parish Police Jury
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Budget (GAAP Basis) and Actual
Special Revenue Fund
For the Year Ended December 31, 1999

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Local Sources			
Gifts	\$ 3,720	\$ 13,481	\$ 9,761
Expenditures			
Current			
Library administration (excluding salaries)	-	2,500	(2,500)
Salaries and related expenses	-	7,500	(7,500)
Capital Expenditures			
Library materials	3,720	5,229	(1,509)
Automation equipment	-	6,400	(6,400)
Total Expenditures	3,720	21,629	(17,909)
Excess of Revenues			
Over (Under) Expenditures	-	(8,148)	(8,148)
Other Financing Sources			
Transfer in	3,440	1,622	(1,818)
Excess of Revenues			
and Other Financing Sources Over			
(Under) Expenditures	\$ 3,440	(6,526)	\$ (9,966)
Fund Balance, Beginning of Year		13,444	
Fund Balance, End of Year		\$ 6,918	

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

RAPIDES PARISH LIBRARY
A Component Unit of the Rapides Parish Police Jury
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Fiduciary Fund Type
Non-Expendable Trust Fund
For the Year Ended December 31, 1999

Revenues		
Local sources		
Interest		\$ 1,622
Donations		300
		1,922
Total Revenues		1,922
Other Financing Use		
Transfer out to Special Revenue Fund		(1,622)
		(1,622)
Excess of Revenues Over		
Expenditures and Other Financing Use		300
Fund Balance, beginning of year		56,840
Fund Balance, end of year		\$ 57,140

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

RAPIDES PARISH LIBRARY
A Component Unit of the Rapides Parish Police Jury
Statement of Cash Flows - Fiduciary Fund Type
Non-Expendable Trust Fund
For the Year Ended December 31, 1999

Cash Flows from Operating Activities:	
Donations	\$ 300
 Cash Flows from Investing Activities:	
Interest on investments	1,622
 Cash Flows from Noncapital Financing Activities:	
Operating transfers out to other funds	(1,622)
	300
Net Increase in Cash and Cash Equivalents	300
 Cash and Cash Equivalents, beginning of year	 56,840
	56,840
 Cash and Cash Equivalents, end of year	 \$ 57,140
	57,140

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

RAPIDES PARISH LIBRARY
A Component Unit of the Rapides Parish Police Jury
Notes to Financial Statements
December 31, 1999

Note 1 - Summary of Significant Accounting Policies

The Rapides Parish Library (the "Library") was established by the Rapides Parish Police Jury (the "Jury"), the parish governing authority, under the provisions of Louisiana Revised Statute 25:211. The Library provides citizens of the parish access to library materials, books, magazines, records and films. The Library is governed by a Board of Control which is appointed by the Jury in accordance with the provisions of Louisiana Revised Statute 25:214. The members of the Board of Control serve without pay.

The general purpose financial statements of the Library have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Financial Reporting Entity

For financial reporting purposes, the Library is a component unit of the Jury, the governing body of the parish. The accompanying general purpose financial statements present information only on the funds maintained by the Library and does not present information on the Jury and the general government services provided by it.

B. Fund Accounting

The Library uses fund and account groups to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government 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 financial resources.

In these financial statements, funds are classified into two categories: governmental and fiduciary. The governmental funds are divided into separate "fund types".

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of restricted monies (special revenue and capital project grants). The special revenue fund of the Library is used to account for gifts and grants from outside sources that specify how the funds may be spent. The capital project fund is used to account for a grant from the Rapides Foundation, designated by the donor for a capital improvement project involving automation of the main library and all branches. The general fund is used to account for all activities of the Library not accounted for in some other fund.

RAPIDES PARISH LIBRARY
A Component Unit of the Rapides Parish Police Jury
Notes to Financial Statements
December 31, 1999

Note 1 - Summary of Significant Accounting Policies, Continued

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government or component unit. The fiduciary fund of the Library is a non-expendable trust fund that is used to account for gifts and grants by outside sources in which the principal is restricted in perpetuity. The earnings from these restricted gifts are transferred to the special revenue fund to be expended for specified purposes.

C. Basis of Accounting

All governmental 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. Property taxes are recorded as revenue when levied. Fees and charges, fines and forfeitures, and other revenues are recorded when received in cash because they are generally not measurable until actually received. Intergovernmental revenue and interest income is accrued when their receipt occurs soon enough after the end of the accounting period so as to be both measurable and available. Capital project grant money received but not spent or obligated is not considered to be available as a net current asset, and is recorded as deferred revenue. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

The fiduciary fund is accounted for using the accrual basis of accounting whereby revenues are recognized when they are earned, and expenses are recognized when they are incurred.

D. Budgetary Practices

The Library adopts a budget for its General Fund on a cash basis of accounting, which is not in accordance with GAAP, and budgetary comparisons presented for the General Fund in this report are on this non-GAAP budgetary basis. The Library also adopts a GAAP basis budget for its Special Revenue Fund. The budgetary practices include public hearings on the budgets. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Fund. The Director is responsible for advising the Finance Committee, who in turn presents the information to the Board of Control, when total revenues and/or expenditures are projected to have a variance in excess of what is allowed by Louisiana Revised Statutes. All appropriations lapse at year end.

The actual results of operations are presented in accordance with generally accepted accounting principles which differ in certain respects from those practices used in the preparation of the budget. For purposes of preparing the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund, the actual results of operations have been adjusted to a basis consistent with the Library's budgeted revenues and expenditures.

E. Fixed Assets

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, and they are recorded as expenditures in the governmental funds when purchased.

RAPIDES PARISH LIBRARY
A Component Unit of the Rapides Parish Police Jury
Notes to Financial Statements
December 31, 1999

Note 1 - Summary of Significant Accounting Policies, Continued

No depreciation has been provided on general fixed assets. Fixed assets, other than books, are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets of \$494,979 are valued at fair market value at the date of donation. Books are valued on an estimated per unit cost basis.

The account group is not a "fund". It is concerned only with the measurement of financial position. It is not involved with measurement of results of operations.

F. Compensated Absences

Employees of the Library earn annual leave at the following rates, which is based on classification and years of service:

Maintenance Workers and Library Clerks:

1-3 years of service	10 work days (80 hours)
4-10 years of service	15 work days (120 hours)
11 years of service and up	20 work days (160 hours)

Library Technical Assistants, Administrative Assistants and Librarians without MLS:

1-3 years of service	15 work days (120 hours)
4 years of service and up	20 work days (160 hours)

Librarians with MLS:

1 year of service and up	20 work days (160 hours)
--------------------------	--------------------------

No more than the eligible amount of annual leave that an employee earns each fiscal year may be carried forward at the end of the fiscal year December 31. The allowable amount according to job classification is listed above. The Director, under extraordinary circumstances may waive this requirement. Upon termination of employment or death, an employee or his estate must be paid all accumulated vacation leave.

Regular salaried employees earn 15 days (120 hours) of sick leave each year based on 40 hours a week or an amount proportionate to the amount of hours worked a week. The maximum amount of sick leave that can be earned by any employee is 120 hours each fiscal year. On December 31, the end of the fiscal year, accrued sick leave is carried forward to the next year. Employees may accrue an unlimited amount of sick leave. Employees are not compensated for accumulated sick leave if employment is terminated; however, unused sick leave is used in the retirement computation as earned service.

The amount of accumulated vested employee annual leave benefit of \$53,698 at December 31, 1999 is reflected in the accompanying financial statements in the accrued liabilities caption in the General Fund.

RAPIDES PARISH LIBRARY
A Component Unit of the Rapides Parish Police Jury
Notes to Financial Statements
December 31, 1999

Note 1 - Summary of Significant Accounting Policies, Continued

G. Total Columns on 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. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

H. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits and money market accounts. Cash equivalents include certificates of deposits with a maturity date of 91 days or less.

I. Encumbrances

The Library does not use encumbrance accounting or reporting.

J. Estimates

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

Note 2 - Cash and Cash Equivalents

Under state law, the Library may deposit funds in demand accounts, money market accounts, or certificates of deposit with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. At December 31, 1999, the Library had cash and cash equivalents totaling \$364,164 as follows:

Certificates of deposit	\$ 126,840
Cash on hand	150
Checking account	226,583
Savings account	<u>10,591</u>
	<u>\$ 364,164</u>

These deposits are stated at cost, which approximates market. Under state law, federal deposit insurance or the pledge of securities owned by the fiscal agent bank must secure these deposits (or the resulting bank balances). The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at December 31, 1999 were secured as follows:

RAPIDES PARISH LIBRARY
A Component Unit of the Rapides Parish Police Jury
Notes to Financial Statements
December 31, 1999

Note 2 - Cash and Cash Equivalents, Continued

Bank balances	<u>\$ 411,579</u>
Federal deposit insurance	101,000
Pledged securities (Category 3)	<u>310,579</u>
 Total insurance and pledged securities	 <u>\$ 411,579</u>

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

Note 3 - Ad Valorem Taxes Revenues and Receivables

Ad valorem taxes and the related State revenue sharing (which is based on population and homesteads in the parish) are recorded in the year the taxes are assessed. The ad valorem tax rate assessed for the Library is 6 mills. Ad valorem taxes are assessed on a calendar year basis, become due on November 5 of each year and become delinquent on December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year. Uncollected ad valorem taxes levied for 1999 are recorded as receivables, net of estimated uncollectibles and protested amounts of \$68,396.

Note 4 - Changes in General Fixed Assets

The following is a summary of changes in General Fixed Assets for the year ended December 31, 1999:

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Land	\$ 301,410	\$ -	\$ -	\$ 301,410
Buildings	1,561,040	103,188	-	1,664,228
Equipment	1,338,633	112,294	172,104	1,278,823
Vehicles	111,409	-	-	111,409
Books	<u>2,525,526</u>	<u>365,551</u>	<u>45,573</u>	<u>2,845,504</u>
 Total	 <u>\$5,838,018</u>	 <u>\$ 581,033</u>	 <u>\$217,677</u>	 <u>\$6,201,374</u>

RAPIDES PARISH LIBRARY
A Component Unit of the Rapides Parish Police Jury
Notes to Financial Statements
December 31, 1999

Note 5 - Pension Plan

Substantially all employees of the Library are members of the Parochial Employees Retirement System (the system), a cost sharing multiple-employer, public employee retirement system (PERS), controlled and administered by a separate board of trustees. The system is composed of two district plans (Plan A and Plan B). All participating employees of the Library are members of Plan A.

The System provides retirement, death and disability benefits to plan members and beneficiaries. Benefits are established by state statute. The Parochial Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Parochial Employees Retirement System, P. O. Box 14619, Baton Rouge, LA 70898-4619 or by calling (225) 928-1361.

Covered employees are required by state statute to contribute 9.5 percent of their salary to the plan. The Library is required by the same statute to contribute 7.75 percent. Contribution rates have remained the same for the current and prior two years. In addition, contributions to the System include one-fourth of one percent of the taxes shown to be collected by the sheriff of each respective parish, except Orleans and East Baton Rouge Parish. The Library's contributions to the system for the years ended December 31, 1999, 1998 and 1997 were \$85,083, \$78,007, and \$73,409, respectively, equal to the required contributions for each year.

Note 6 - Accumulated Compensatory Time

Library employees who work on holidays and in an occasional overtime status are permitted to accumulate compensatory time to be taken off or to be paid at a later date. The Library maintains a policy that all compensatory time should be exhausted prior to the expiration of a fiscal year unless otherwise authorized by the Director or Human Resources Manager. Upon termination of employment or death, an employee or his estate shall be paid all accumulated compensatory leave.

Note 7 - Risk Management

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the policy of the Library to purchase commercial insurance for the risks of loss to which it would be exposed. The Library's book collection and equipment are under-insured. The financial impact, if any, resulting from inadequate insurance cannot be reasonably estimated. However, the destruction of books and equipment at all locations at the same time is unlikely.

The Library does not pay State unemployment tax for its employees. It has an arrangement with the State of Louisiana and is considered self-insured. Any allowable claims submitted to the unemployment office are paid to the recipient by the State and the Library reimburses the State for claims paid on its behalf. Previous claims have been minimal.

RAPIDES PARISH LIBRARY
A Component Unit of the Rapides Parish Police Jury
Notes to Financial Statements
December 31, 1999

Note 8 - Lease Commitments

The Library is committed to three operating leases for copiers. One lease will expire by the year 2000 and additional leases will expire by the year 2003 and 2004. Approximate future minimum lease payments of all non-cancelable equipment leases for the next five years follow:

2000	\$13,296
2001	11,970
2002	11,970
2003	7,630
2004	4,530

The Library is also committed to separate contracts to lease three buildings for the following amounts:

- \$400 a month through February 20, 2003
- \$500 a month through December 31, 2004
- \$500 a month through December 31, 2004

In the event that the Library revenues are deemed insufficient to maintain operations at these locations, the Library may terminate these building leases after a sixty day written notice.

KNIGHT < > MASDEN

Certified Public Accountants

A PROFESSIONAL ACCOUNTING CORPORATION

Coan I. Knight, Jr., CPA
K. Martin Masden, CPA
John E. Theriot II, CPA

June 1, 2000

Associate:
Carolyn N. Craft, CPA

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

The Board of Control
Rapides Parish Library
Alexandria, Louisiana

We have audited the general purpose financial statements of the Rapides Parish Library, a component unit of the Rapides Parish Police Jury in the State of Louisiana, as of and for the year ended December 31, 1999, and have issued our report thereon dated June 1, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Rapides Parish Library's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance that is required to be reported under Government Auditing Standards which is described as follows:

Compliance with Public Bid Laws

We noted one instance where equipment was purchased that did not comply with public bid law, LSA-RS38:2212. Specifically, equipment in the amount of \$22,650 was leased from one vendor without having advertised for bids.

Library's Reply – During 1999, the Library had approximately eighteen months remaining on one of their copiers. This copier was requiring a great deal of maintenance. Instead of continuing to repair the older copier, we choose to return the older copier and take out a lease on a newer copier. We did not view the transaction as a new contract exceeding the Bid Law, but as a transaction in which the difference between the new lease and the canceling of the old lease would not exceed the Bid Law. We feel that this was an unusual situation. We have procedures in place to assure that the leasing of equipment is made according to the required bid laws. Since the discovery of this incident, we have reviewed the purchase and leasing procedures with all applicable personnel and we believe that violation of the bid laws in the future is unlikely.

The Board of Control
Rapides Parish Library
Alexandria, Louisiana

Compliance with Budget Act

Louisiana Revised Statutes require that budgets should be amended if actual expenditures plus projected expenditures for the remainder of the year within a fund are exceeding estimated budgeted expenditures by five percent or more.

The Library did not amend its budget for the special revenue fund to bring it into compliance with Louisiana Revised Statutes for budgets.

Library's Reply – Normally the special revenue fund only has income and expenses that flow through from earnings on endowed funds. During 1999, funds were received and expended that were designated by the donor for specific purposes and by oversight the budget was not amended by year end to reflect this income and expenses. We are taking steps to ensure that budgets are amended as necessary in the future.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Rapides Parish Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our 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 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and the Board of Control of the Rapides Parish Library and is not intended to be, and should not be, used by anyone other than the specified parties. However, this report is a matter of public record and its distribution is not limited.

KNIGHT & MASDEN

