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Rapides Parish Library

Component Unit Financial Report

Alexandria, Louisiana
December 31, 1995

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 07-24-96

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KNIGHT  MASDEN
Certified Public Accountants

A PROFESSIONAL ACCOUNTING CORPORATION

Coan I. Knight, Jr., CPA

May 23, 1996

K. Martin Masden, 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, 1995, 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, 1995, 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 May 23, 1996, on our consideration of the Rapides Parish Library's internal control and a report dated May 23, 1996, on its compliance with laws and regulations.

Knight - Masden
KNIGHT  MASDEN

RAPIDES PARISH LIBRARY
A Component Unit of the Rapides Parish Police Jury
Combined Balance Sheet
All Fund Types and Account Groups
December 31, 1995

	Governmental Fund Types		Fiduciary Fund Type	Account Group	Totals
	General	Special Revenue	Non- Expendable Trust	General Fixed Assets	(Memorandum Only)
Assets					
Cash and cash equivalents	\$ 160,177	\$ 7,414	\$ -	\$ -	\$ 167,591
Receivables (net of allowance for uncollectibles)					
Ad valorem taxes	1,654,086	-	-	-	1,654,086
State revenue sharing	<u>57,437</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,437</u>
Total Assets	<u>1,871,700</u>	<u>7,414</u>	<u>-</u>	<u>-</u>	<u>1,879,114</u>
Restricted Assets					
Cash and cash equivalents	-	-	54,680	-	54,680
Fixed assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,411,884</u>	<u>4,411,884</u>
Total Assets	<u>\$1,871,700</u>	<u>\$ 7,414</u>	<u>\$ 54,680</u>	<u>\$4,411,884</u>	<u>\$6,345,678</u>
Liabilities and Fund Equity					
Liabilities					
Accounts payable	\$ 122,295	\$ -	\$ -	\$ -	\$ 122,295
Accrued liabilities	<u>79,184</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,184</u>
Total Liabilities	<u>201,479</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>201,479</u>
Fund Equity					
Investment in general fixed assets	-	-	-	4,411,884	4,411,884
Fund balances					
Unreserved-undesignated	1,670,221	7,414	-	-	1,677,635
Reserved for endowments	<u>-</u>	<u>-</u>	<u>54,680</u>	<u>-</u>	<u>54,680</u>
Total Fund Equity	<u>1,670,221</u>	<u>7,414</u>	<u>54,680</u>	<u>4,411,884</u>	<u>6,144,199</u>
Total Liabilities and Fund Equity	<u>\$1,871,700</u>	<u>\$ 7,414</u>	<u>\$ 54,680</u>	<u>\$4,411,884</u>	<u>\$6,345,678</u>

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, 1995

	<u>Governmental Fund Type</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Revenues			
Local sources			
Taxes - ad valorem	\$1,785,520	\$ -	\$1,785,520
Redemptions	37,548	-	37,548
Fees and charges	9,053	-	9,053
Fines and forfeitures	15,901	-	15,901
Gifts	36,725	2,445	39,170
Other revenues	38,751	-	38,751
State sources			
Unrestricted	<u>174,909</u>	<u>-</u>	<u>174,909</u>
Total Revenues	<u>2,098,407</u>	<u>2,445</u>	<u>2,100,852</u>
Expenditures			
Current			
Culture and recreation - libraries			
Library administration (excluding salaries)	444,585	-	444,585
Salaries and related expenses	1,130,438	-	1,130,438
Capital Expenditures			
Buildings and equipment	71,029	-	71,029
Library materials	<u>289,844</u>	<u>5,572</u>	<u>295,416</u>
Total Expenditures	<u>1,935,896</u>	<u>5,572</u>	<u>1,941,468</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	162,511	(3,127)	159,384
Other Financing Sources			
Transfer in	<u>-</u>	<u>2,127</u>	<u>2,127</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	162,511	(1,000)	161,511
Fund Balance as restated, Beginning of Year	<u>1,507,710</u>	<u>8,414</u>	<u>1,516,124</u>
Fund Balance, End of Year	<u>\$1,670,221</u>	<u>\$ 7,414</u>	<u>\$1,677,635</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, 1995

	<u>Budget</u>	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues					
Taxes - ad valorem	\$1,661,619	\$1,785,520	\$ (122,770)	\$1,662,750	\$ 1,131
Redemptions	30,342	37,548	-	37,548	7,206
Fees and charges	12,000	9,053	-	9,053	(2,947)
Fines and forfeitures	18,000	15,901	-	15,901	(2,099)
Gifts	12,000	36,725	-	36,725	24,725
Other revenues	32,000	38,751	-	38,751	6,751
Revenue sharing	<u>180,000</u>	<u>174,909</u>	<u>2,756</u>	<u>177,665</u>	<u>(2,335)</u>
Total Revenues	<u>1,945,961</u>	<u>2,098,407</u>	<u>(120,014)</u>	<u>1,978,393</u>	<u>32,432</u>
Expenditures					
Library administration	527,619	444,585	-	444,585	83,034
Salaries and related expenses	1,088,000	1,130,438	(1,878)	1,128,560	(40,560)
Buildings and Equipment	52,000	71,029	-	71,029	(19,029)
Library materials	<u>300,000</u>	<u>289,844</u>	<u>(40,514)</u>	<u>249,330</u>	<u>50,670</u>
Total Expenditures	<u>1,967,619</u>	<u>1,935,896</u>	<u>(42,392)</u>	<u>1,893,504</u>	<u>74,115</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (21,658)</u>	<u>162,511</u>	<u>\$ 162,406</u>	<u>\$ 84,889</u>	<u>\$ 106,547</u>
Fund Balance as restated, Beginning of Year		<u>1,507,710</u>			
Fund Balance, End of Year		<u>\$1,670,221</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 (GAAP Basis) and Actual
Special Revenue Fund
For the Year Ended December 31, 1995

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues			
Local Sources			
Gifts	\$ 4,509	\$ 2,445	\$ (2,064)
Expenditures			
Capital Expenditures			
Library materials	<u>4,509</u>	<u>5,572</u>	<u>(1,063)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(3,127)	(3,127)
Other Financing Sources			
Transfer in	<u>3,378</u>	<u>2,127</u>	<u>(1,251)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ 3,378</u>	(1,000)	<u>\$ (4,378)</u>
Fund Balance, Beginning of Year		<u>8,414</u>	
Fund Balance, End of Year		<u>\$ 7,414</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 - Fiduciary Fund Type
Non-Expendable Trust Fund
For the Year Ended December 31, 1995

Revenues	
Local sources	
Interest	\$ 2,127
Other Financing Use	
Transfer out	<u>(2,127)</u>
Excess of Revenues Over Expenditures and Other Financing Use	-
Fund Balance as restated, Beginning of Year	<u>54,680</u>
Fund Balance, End of Year	<u>\$ 54,680</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 Cash Flows - Fiduciary Fund Type
Non-Expendable Trust Fund
For the Year Ended December 31, 1995

Cash Flows from Operating Activities	
Operating Income	\$ -
Cash Flows from Noncapital Financing Activities	
Operating transfers out	<u>(2,127)</u>
Cash flows from Capital & Related Financing Activities	
Interest Received on non-expendable trust funds	<u>2,127</u>
Net increase in cash and cash equivalents	-
Cash and cash equivalents as restated, Beginning of Year	<u>54,680</u>
Cash and cash equivalents, End of Year	<u>\$ 54,680</u>

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, 1995

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 do 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 fund). The special revenue fund of the Library is used to account for gifts and grants from outside sources who specify how the funds may be spent. 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, 1995

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 which 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 are accrued when their receipt occurs soon enough after the end of the accounting period so as to be both measurable and available. 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. The Library has elected not to capitalize public domain ("infrastructure") fixed assets consisting of certain improvements other than buildings, including roads, bridges, sidewalks,

RAPIDES PARISH LIBRARY
A Component Unit of the Rapides Parish Police Jury
Notes to Financial Statements
December 31, 1995

Note 1 - Summary of Significant Accounting Policies, Continued

and drainage improvements. 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:

Custodians 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)
--------------------------	--------------------------

Accumulated annual leave which may be carried forward on December 31, of each year cannot exceed 10 days (80 hours) unless approved by the Director of the Library. An employee may be paid for no more than 20 days (160 hours) of accumulated annual leave upon termination for any reason.

Employees are credited with 15 days (120 hours) of sick leave each year. The amount of sick leave an employee can accumulate is unlimited. 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 \$23,378 at December 31, 1995 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, 1995

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 includes certificates of deposits with a maturity date of 91 days or less.

I. Copy Machine Income

Copy machine income is presented net of related lease payments.

Note 2 - Cash and Cash Equivalents

Under state law, the Library may deposit funds in demand deposits, 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, 1995, the Library had cash and cash equivalents totaling \$222,271 as follows:

Money market accounts	\$ 167,091
Certificates of deposit	54,680
Cash on hand	<u>500</u>
	<u>\$ 222,271</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. 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, 1995, were secured as follows:

RAPIDES PARISH LIBRARY
A Component Unit of the Rapides Parish Police Jury
Notes to Financial Statements
December 31, 1995

Note 2 - Cash and Cash Equivalents, Continued

Bank balances	<u>\$ 221,771</u>
Federal deposit insurance	\$ 100,224
Pledged securities (Category 3)	<u>121,547</u>
 Total insurance and securities	 <u>\$ 221,771</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. Ad valorem taxes assessed for the Library are at 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 property taxes levied for 1995 are recorded as receivables, net of estimated uncollectibles and protested amounts of \$54,632.

Note 4 - Changes in General Fixed Assets

The following is a summary of changes in General Fixed Assets for the year ended December 31, 1995:

	Balance Beginning <u>of Year</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>End of Year</u>
Land	\$ 301,410	\$ -	\$ -	\$ 301,410
Buildings	1,233,914	8,814	-	1,242,728
Equipment	598,571	9,894	-	608,465
Vehicles	15,256	52,331	-	67,587
Books	<u>2,099,794</u>	<u>91,900*</u>	<u>-</u>	<u>2,191,694</u>
 Total	 <u>\$4,248,945</u>	 <u>\$ 162,939</u>	 <u>\$ -</u>	 <u>\$4,411,884</u>

*net change

RAPIDES PARISH LIBRARY
A Component Unit of the Rapides Parish Police Jury
Notes to Financial Statements
December 31, 1995

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 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 (504)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 8 percent. 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, 1995, 1994 and 1993 were \$62,581, \$53,296 and \$46,011, 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 must be used or paid by the end of the year. Therefore, there was no unpaid compensatory time at year end.

Note 7 - Changes in Beginning Fund Balances and Cash and Cash Equivalents

The following discloses the restatement of fund balances as of the beginning of the fiscal year:

	<u>General Fund</u>	<u>Non-Expendable Trust</u>
Fund balance, beginning of year, as previously stated	\$ 1,510,710	\$ 51,680
Increase (decrease) due to funds contributed for endowments that donor intended to be restricted in perpetuity	<u>(3,000)</u>	<u>3,000</u>
Fund balance, beginning of year, as restated	<u>\$ 1,507,710</u>	<u>\$ 54,680</u>

Cash and cash equivalents were transferred from the General Fund to the Non-Expendable Trust at the beginning of the year due to the correction of endowment funds as described above.

RAPIDES PARISH LIBRARY
A Component Unit of the Rapides Parish Police Jury
Notes to Financial Statements
December 31, 1995

Note 8 - 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

Note 9 - Lease Commitments

The Library is committed to two operating leases for copiers. Approximate future minimum lease payments of all non-cancelable leases for the next five years follow:

1996	\$ 2,556
1997	2,556
1998	2,556
1999	2,556
2000	1,065

KNIGHT  MASDEN
Certified Public Accountants
A PROFESSIONAL ACCOUNTING CORPORATION

Coan I. Knight, Jr., CPA

May 23, 1996

K. Martin Masden, CPA

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
STRUCTURE BASED ON AN AUDIT OF
GENERAL PURPOSE 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, 1995, and have issued our report thereon dated May 23, 1996.

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

The management of the Rapides Parish Library 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, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

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

The Board of Control
Rapides Parish Library
Alexandria, Louisiana

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a 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. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of management and the Board of Control. However, this report is a matter of public record and its distribution is not limited.

Knight - Masden
KNIGHT ◊ MASDEN

KNIGHT MASDEN

Certified Public Accountants

A PROFESSIONAL ACCOUNTING CORPORATION

May 23, 1996

Coan I. Knight, Jr., CPA

K. Martin Masden, CPA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
BASED ON AN AUDIT OF GENERAL PURPOSE
FINANCIAL STATEMENTS OF A COMPONENT UNIT
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, 1995, and have issued our report thereon dated May 23, 1996.

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 general purpose financial statements are free of material misstatement.

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

The results of our tests indicate that, with respect to the items tested, The Rapides Parish Library complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Library had not complied, in all material respects, with those provisions.

However, the following immaterial instances of noncompliance were noted.

Budgets

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.

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Budget amendments to the Special Revenue Fund did not bring the Library into compliance with the Louisiana Revised Statutes for budgets when anticipated expenditures will exceed budgeted expenditures by five percent or more.

We recommend that expenditures projected to exceed estimated budgeted amounts by five percent be brought to the attention of the Board of Control so that they have the opportunity to determine appropriate action.

Library's Reply - The Director will alert the Finance Committee who in turn presents information to the Board of Control when expenditures are increasing so that proper budget amendments might be enacted.

This report is intended for the information of management and the Board of Control. However, this report is a matter of public record and its distribution is not limited.



KNIGHT ◊ MASDEN