

OFFICIAL
FILE COPY
DO NOT SEND OUT
(Xerox necessary
copies from this
copy and PLACE
BACK in FILE)

1998-1999
13

99800506
8786

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.

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 ~~11/24/1999~~

**FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED JUNE 30, 1998**

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES	4
STATEMENT OF FUNCTIONAL EXPENSES	6
STATEMENT OF CASH FLOWS	7
NOTES TO THE FINANCIAL STATEMENTS	8
 SUPPLEMENTARY INFORMATION:	
SCHEDULES:	
I - Schedule of Revenue and Expenditures by Program	20
II - Schedule of Expenditures of Federal Awards	22
III - Notes to the Schedule of Expenditures of Federal Awards	25

INDEPENDENT AUDITORS' REPORT

To the Officers and Board of Directors of the
Urban League of Greater New Orleans, Inc.

We have audited the statement of financial position of the **Urban League of Greater New Orleans, Inc. (the League)** as of June 30, 1998, and the related statements of activities, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of **the League's** management. Our responsibility is to express an opinion on these financial statements based on our audit.

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. Those standards require that we 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 and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As explained in NOTE 4 to the financial statements, prepaid pension costs and a curtailment gain pertaining to **the League's** defined benefit plan were not recorded in accordance with Statement of Financial Accounting Standards (SFAS) No. 87, "Employers' Accounting for Pensions" and SFAS No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits." In our opinion, generally accepted accounting principles require that prepaid pension costs and the curtailment gain be recorded in accordance with SFAS Nos. 87 and 88.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Officers and Board of Directors of the
Urban League of Greater New Orleans, Inc.
Page 2

In our opinion, except for the effects of not recording prepaid pension costs and a curtailment gain in accordance with SFAS Nos. 87 and 88, the financial statements referred to above present fairly, in all material respects, the financial position of the **Urban League of Greater New Orleans, Inc.** as of June 30, 1998, and the changes in its assets and its cash flows 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 December 21, 1998, on our consideration of the **Urban League of Greater New Orleans, Inc.**'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the **Urban League of Greater New Orleans, Inc.** taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. In addition, the accompanying schedule of revenue and expenditures by program is presented for purposes of additional information. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, except for the effects of not recording prepaid pension costs and a curtailment gain in accordance with SFAS Nos. 87 and 88, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.


BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

December 21, 1998

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 1998

ASSETS

Current:	
Cash and cash equivalents	\$171,313
Investment	2,457
Accounts receivable from participants in special events, less allowance for uncollectible accounts of \$5,000	104,320
Promise to give (NOTE 12)	187,444
Due from funding agencies	<u>70,407</u>
Total current assets	<u>535,941</u>
Equipment:	
Equipment, less accumulated depreciation of \$42,646 (NOTES 1 and 3)	<u>25,976</u>
Other assets:	
Deposits	150
Prepaid expenses	<u>8,065</u>
Total other assets	<u>8,215</u>
Total assets	<u>\$570,132</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	\$144,262
Accrued liabilities	41,079
Due to funding agencies	<u>15,406</u>
Total current liabilities	<u>200,747</u>
Net assets (NOTE 1):	
Unrestricted	181,941
Temporarily restricted (NOTE 12)	<u>187,444</u>
Total net assets	<u>369,385</u>
Total liabilities and net assets	<u>\$570,132</u>

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

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 1998

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>PUBLIC SUPPORT AND REVENUE</u>			
Revenue:			
Government grants and contracts	\$1,183,887	\$ -0-	\$1,183,887
Board generated self-support	183,162	-0-	183,162
Client generated self-support	40,184	-0-	40,184
In-kind contributions (NOTE 9)	418,484	-0-	418,484
Other revenue	<u>40,152</u>	<u>-0-</u>	<u>40,152</u>
Total revenue	<u>1,865,869</u>	<u>-0-</u>	<u>1,865,869</u>
Public support:			
United Way allocations (NOTE 12)	-0-	171,048	171,048
United Way designations	-0-	10,332	10,332
CFC designations	-0-	6,064	6,064
Net assets released from restrictions (NOTE 8):			
Expiration of time restrictions	<u>187,757</u>	<u>(187,757)</u>	<u>-0-</u>
Total public support	<u>187,757</u>	<u>(313)</u>	<u>187,444</u>
Total public support and revenue	<u>2,053,626</u>	<u>(313)</u>	<u>2,053,313</u>

(CONTINUED)

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

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
STATEMENT OF ACTIVITIES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 1998

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>EXPENSES</u>			
Program services:			
Employment and Economic Development	\$ 587,927	\$ -0-	\$ 587,927
Parent Child Center	848,995	-0-	848,995
Street Academy	291,191	-0-	291,191
Organization for Community Involvement	<u>20,342</u>	<u>-0-</u>	<u>20,342</u>
Total program services	<u>1,748,455</u>	<u>-0-</u>	<u>1,748,455</u>
Support services:			
Management and general	224,522	-0-	224,522
Fund raising	<u>37,762</u>	<u>-0-</u>	<u>37,762</u>
Total support services	<u>262,284</u>	<u>-0-</u>	<u>262,284</u>
Total expenses	<u>2,010,739</u>	<u>-0-</u>	<u>2,010,739</u>
Change in net assets	42,887	(313)	42,574
Net assets, beginning of year (restated) (NOTE 5)	<u>139,054</u>	<u>187,757</u>	<u>326,811</u>
Net assets, end of year	<u>\$ 181,941</u>	<u>\$187,444</u>	<u>\$ 369,385</u>

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

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 1998

	PROGRAM SERVICES					SUPPORT SERVICES			
	Employment and Economic Development	Parent Child Center	Street Academy	Organizing for Community Involvement	Total Program Services	Management and General	Fund Raising	Total Support Services	Total Expenses
Compensation expenses	\$ 412,783	\$356,363	\$ 11,819	\$ 13,570	\$ 794,535	\$146,088	\$25,780	\$171,858	\$ 966,403
Occupancy expenses	73,549	82,509	15,233	2,094	173,385	22,497	3,970	26,467	199,852
Travel	1,414	1,780	576	664	4,434	7,137	1,259	8,396	12,830
Other direct program expenses	<u>100,181</u>	<u>249,237</u>	<u>4,185</u>	<u>4,014</u>	<u>357,617</u>	<u>38,264</u>	<u>6,753</u>	<u>45,017</u>	<u>402,634</u>
Total expenses before in-kind costs recognized and depreciation	587,927	689,889	31,813	20,342	1,329,971	213,986	37,762	251,748	1,581,719
Depreciation	-0-	-0-	-0-	-0-	-0-	10,536	-0-	10,536	10,536
In-kind costs recognized	<u>-0-</u>	<u>159,106</u>	<u>259,378</u>	<u>-0-</u>	<u>418,484</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>418,484</u>
Total expenses	<u>\$587,927</u>	<u>\$848,995</u>	<u>\$291,191</u>	<u>\$20,342</u>	<u>\$1,748,455</u>	<u>\$224,522</u>	<u>\$37,762</u>	<u>\$262,284</u>	<u>\$2,010,739</u>

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

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 1998

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 42,574
Adjustment to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	10,536
Decrease in promise to give	313
(Increase) in accounts receivable - special events	(25,402)
(Decrease) in accounts receivable - other	7,393
Decrease in due from funding agencies	12,742
Decrease in prepaid expenses	12,060
Decrease in other assets	16,747
Increase in accounts payable	6,758
(Decrease) in accounts payable - employees	(3,375)
Increase in accrued liabilities	23,709
(Decrease) in unearned revenue	<u>(7,577)</u>
Net cash provided by operating activities	<u>96,478</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Increase in investment	<u>(114)</u>
Net cash used in investing activities	<u>(114)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Payments on notes payable	<u>(42,548)</u>
Net cash used in financing activities	<u>(42,548)</u>

Net increase in cash and cash equivalents	53,816
Cash and cash equivalents - beginning of year	<u>117,497</u>
Cash and cash equivalents - end of year	<u>\$171,313</u>

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

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - Nature of Activities and Summary of Significant Accounting Policies:

Nature of Activities

The **Urban League of Greater New Orleans, Inc. (the League)** provides training in the areas of job skills and parenting skills, as well as provides basic education to eligible participants that reside in the New Orleans area.

Basis Accounting

The financial statements of **the League** have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The League follows the accounting procedures and practices for not-for-profit organizations established by the American Institute of Certified Public Accountants as published in the Industry Audit Guide on "Not-for-Profit Organizations", which constitutes generally accepted accounting principles.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. At June 30, 1998 there were no permanently restricted net assets.

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Nature of Activities and Summary of Significant Accounting Policies,
Continued:

Contribution Recognition

Contributions received are recorded as unrestricted, temporarily, or permanently restricted support, depending on the existence or nature of donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction end or purpose restriction is accomplished, temporarily restricted assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted.

Donated Materials and Services

Donated materials and supplies, which are utilized in several of **the League's** programs are recorded at their estimated fair market value when received.

Donated services provided by volunteers which require specialized skills and are provided by individuals possessing those skills are recognized at their fair value when received. Those services donated by volunteers which do not meet all of the applicable requirements of SFAS No. 116 are not recognized in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principals includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Nature of Activities and Summary of Significant Accounting Policies,
Continued:

Revenue Recognition

For federal and state grants administered on a cost reimbursement basis, revenue is recognized as expenses are incurred.

Allocation of Functional Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, program and support service expenses are specifically identified with or allocated to **the League's** various functions. Expenses requiring allocation include services provided by **the League's** management and administrative staff to specific program-related activities. Expense allocations are prorated based on a percentage of time or actual usage.

Federal Income Taxes

The League is exempt from Federal income taxes as an organization described in Section 501(c)(3) of the Internal Revenue Code and is not a private foundation.

Allowance for Bad Debts

The League uses the allowance method to provide for uncollectible accounts. At June 30, 1998, the allowance was \$5,000.

Equipment

Except for the Street Academy Program, the cost of office furniture and equipment purchased or acquired through capital leases by Programs funded by federal or state funds has not been capitalized. According to the contractual agreements between **the League** and the program funding sources, title to the equipment purchased remains with the funding source.

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Nature of Activities and Summary of Significant Accounting Policies,
Continued:

Equipment, Continued

The State Department of Health and Hospitals, which funded the 1994/95 Street Academy Program, allowed title to equipment purchased through this program vest with the Urban League. Equipment purchased has been capitalized and is included in the statement of financial position of **the League.**

All other furniture and equipment is capitalized.

Statement of Cash Flows

For the purpose of the statement of cash flows, **the League** considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

NOTE 2 - Economic Dependency:

The primary source of revenue for the **Urban League of Greater New Orleans, Inc.** is federal and state grants provided through various funding agencies. The continued success of **the League** is dependent upon the renewal of contracts from current funding sources as well as obtaining new funding from various funding sources. At the time of completion of the examination of **the League's** financial statements management was not aware of any actions taken that would adversely affect the amount of funds **the League** will receive in the next fiscal year.

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - Property and Equipment:

As of June 30, 1998, the **Urban League of Greater New Orleans, Inc.** held the following assets:

Office equipment	\$ 7,265
Automobiles	<u>61,357</u>
Sub-total	68,622
Less: accumulated depreciation	<u>42,646</u>
Total	<u>\$25,976</u>

All assets are depreciated using the straight-line basis over the estimated useful lives of the assets. Depreciation expense for year ended June 30, 1998 amounted to \$10,536.

NOTE 4 - Pension Plan:

On April 16, 1997 the League terminated (curtailed) its Defined Benefit Plan with any future participant benefits ceasing to accrue after December 31, 1997. As a result of the curtailment, the projected benefit obligation will not increase for all of the plan's participants. The curtailment of the defined benefit plan provides an actuarial gain of approximately \$228,009 resulting in prepaid pension costs of \$167,312.

The League does not account for its defined benefit plan in accordance with SFAS No. 87, "Employers' Accounting for Pensions" and SFAS No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits. Because of this, **the League** has excluded the amount of prepaid pension costs and the curtailment gain from

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 4 - Pension Plan, Continued:

its financial statements. If the amount of prepaid pension costs were recognized, assets would be increased by \$167,312, and unrestricted net assets would be increased by \$167,312. If the curtailment gain was recorded, income would be increased by \$228,009 and unrestricted net assets would be increased by \$228,009. These amounts are based on certain actuarial assumptions and projections pertaining to the employees of the **Urban League of Greater New Orleans, Inc.** These assumptions and projections could differ significantly from actual results.

The League's plan covers substantially all employees. The plan calls for benefits to be paid to eligible employees at retirement based primarily upon their average monthly salary "during the last 120 completed months of service".

Pension expense for 1998, as determined by SFAS Nos. 87 and 88, includes the following components:

Service cost	\$ 37,213
Interest cost on projected benefit obligations	53,009
Actual return on assets held in the plan	(153,720)
Net amortization and deferral	<u>100,362</u>
Pension expense	<u>\$ 36,864</u>

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 4 - Pension Plan, Continued:

The following sets forth the funded status of the Plan at June 30, 1998, as determined by No. SFAS 87:

Actuarial Present Value of Benefit Obligation:	
Vested benefits	<u>\$669,792</u>
Accumulated benefit obligation	<u>\$669,792</u>
Projected benefit obligation	\$ 669,792
Fair value of assets held in the plan	<u>(837,104)</u>
Prepaid pension cost	<u>\$ 167,312</u>
 <u>Reconciliation of (Accrued) Prepaid Pension Cost:</u>	
Accrued pension cost as of June 30, 1997	\$ (52,411)
Net periodic pension cost	(36,864)
Contribution paid during the year	28,578
Curtailment gain	<u>228,009</u>
Prepaid pension cost as of June 30, 1998	<u>\$167,312</u>

The weighted average discount rate used to measure the projected benefit obligation is 6.0%, and the assumed rate of increase in future compensation levels is 5.5% per year.

Subsequent to the year ended June 30, 1998, **the League** established a Defined Contribution Plan retroactive to January 1, 1998. Substantially all employees of **the League** are covered under this plan.

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 5 - Net Assets Released from Restrictions:

During the year ended June 30, 1998, donor's restrictions were released on previously recognized permanent net assets of \$10,100. The reconciliation of total net assets reported as of June 30, 1997 to the total net assets restated for the effect of the release of restrictions on the permanent net assets and the effects of recording pledges receivable is presented below:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Total net assets previously reported as of June 30, 1997	\$128,954	\$ -0-	\$ 10,100	\$139,054
Reclassification of net assets as a result of donor's release	10,100	-0-	(10,100)	-0-
Recognition of pledges receivable	<u>-0-</u>	<u>187,757</u>	<u>-0-</u>	<u>187,757</u>
Total net assets balances restated as of June 30, 1997	<u>\$139,054</u>	<u>\$187,757</u>	<u>\$ -0-</u>	<u>\$326,811</u>

NOTE 6 - Operating Lease Agreements:

The League has several lease agreements for the lease of office space, automobiles and office equipment. The following is a description of those leases.

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 6 - Operating Lease Agreements, Continued:

Office Space

The League leases space at various locations for a number of its programs as well as for its main office. The majority of the leases are renewed on a monthly basis. However, several of the leases of office space for program services are renewed annually. Rent expense for the year ended June 30, 1998 consisted of the following:

Administrative	\$ 18,000
Program services	<u>107,855</u>
Total	<u>\$125,855</u>

Future minimum lease payments for those leases which are renewed annually follows:

1999	\$ 94,844
2000	48,780
2001	<u>48,780</u>
	<u>\$192,404</u>

Office Equipment

The Job Search, Office Occupation, Customer Service and Nursing Assistance (OFS) programs lease a mail metering machine. For the year ended June 30, 1998, the total amount of rent expense incurred by these programs was \$1,975, \$864, \$1,217 and \$559, respectively.

The Parent Child Center Program leases a mail machine. For the year ended June 30, 1998, the total amount of rent expense incurred by the Parent Child Center Program for this lease was \$1,416.

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 6 - Operating Lease Agreements, Continued:

The following is a schedule by years of future minimum rental payments required under operating leases that have remaining noncancelable lease terms as of June 30, 1998.

Year Ending June 30,

1999	\$ 5,107
2000	<u>5,107</u>
Total	<u>\$10,214</u>

NOTE 7 - Commitments:

As of June 30, 1998, **the League**, through its Parent Child Center Program, had an agreement with a company to provide janitorial services at the program site. The agreement is for one year and requires a payment of \$1,000 per month. The total outstanding commitment as of June 30, 1998 was \$11,000.

NOTE 8 - Net Assets Released from Donor Restrictions:

Net assets were released from donor restrictions during the year ended June 30, 1998 by incurring expenses satisfying the restricted purposes. Purpose restrictions accomplished were as follows:

Parent Child Center	\$ 62,024
Employment and Economic Development	76,460
Organization for Community Involvement	9,000
Street Academy	<u>21,570</u>
Total United Way allocations	169,054
United Way designations	11,593
CFC designations	<u>7,110</u>
Total Allocations and Designations	<u>\$187,757</u>

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 9 - In-Kind Contributions and Costs Recognized :

As a condition of certain grants received by **the League**, **the League** must provide a portion of the costs of the programs. To satisfy these conditions, the funding agencies will accept in-kind contributions from volunteers and certain other contributions. The accompanying financial statements include in-kind contributions in revenues and expenses. The breakdown of in-kind contributions recognized is as follows:

Personnel - teaching	\$252,377
Personnel - volunteer	114,050
Supplies	47,085
Equipment rental	2,422
Other	<u>2,550</u>
	<u>\$418,484</u>

NOTE 10 - Fees and Grants from Governmental Agencies:

The League has contracted with several governmental agencies to provide community and family services, and employment and economic development programs. Under the contracts, the governmental agencies reimburse **the League** based upon **the League's** allowable costs, to provide the services to program beneficiaries.

During the year ended June 30, 1998, approximately 55% of **the League's** total public support and revenue was derived from the governmental agencies to provide these contract services. Revenues derived from the governmental agencies are subject to audit and adjustment by government auditors before any settlement amounts become final. Any adjustments made by governmental auditors are reported in the year of the audit. Management does not expect any material adjustments to allowable program costs and the related estimated settlements.

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 11 - Risk Management:

The League is exposed to various risks of loss related to torts; theft of; damage to and destruction of assets for which **the League** carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 12 - Promise to Give:

As of June 30, 1998, the promise to give represents United Way allocations of \$187,444 for fiscal year ending June 30, 1999. This amount is recognized as temporarily restricted revenue in the year awarded in accordance with SFAS Nos. 116 and 117.

NOTE 13 - Concentration of Credit Risk:

The League maintains cash balances at two local banks. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$100,000.

SUPPLEMENTARY INFORMATION

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
SCHEDULE OF UNRESTRICTED REVENUE AND EXPENDITURES BY PROGRAM
FOR THE YEAR ENDED JUNE 30, 1998

	SUPPORT SERVICES		PROGRAM SERVICES					
	Agency Total	Fund Raising and Management and General	Total Program Services	Employment and Economic Development	Parent Child Center	Organization for Community Involvement	Street Academy	
REVENUE								
Board generated self-support	\$ 156,867	\$ 156,867	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Client generated self-support	40,184	40,184	-0-	-0-	-0-	-0-	-0-	-0-
Government grants and contracts	1,183,887	-0-	1,183,887	550,482	633,405	-0-	-0-	-0-
Other revenue	<u>484,931</u>	<u>40,152</u>	<u>444,779</u>	<u>5,000</u>	<u>160,401</u>	<u>-0-</u>	<u>-0-</u>	<u>279,378</u>
Total self-generated revenue	1,865,869	237,203	1,628,666	555,482	793,806	-0-	-0-	279,378
United Way designations (NOTE 12)	11,593	-0-	11,593	5,240	4,255	614	1,484	1,484
CFC designations (NOTE 12)	<u>7,110</u>	<u>-0-</u>	<u>7,110</u>	<u>3,214</u>	<u>2,609</u>	<u>377</u>	<u>910</u>	<u>910</u>
Total revenue	1,884,572	237,203	1,647,369	563,936	800,670	991	281,772	281,772
United Way allocation (NOTE 12)	<u>169,054</u>	<u>-0-</u>	<u>169,054</u>	<u>76,460</u>	<u>62,024</u>	<u>9,000</u>	<u>21,570</u>	<u>21,570</u>
Grand total revenue	<u>2,053,626</u>	<u>237,203</u>	<u>1,816,423</u>	<u>640,396</u>	<u>862,694</u>	<u>9,991</u>	<u>303,342</u>	<u>303,342</u>

See the Independent Auditors' Report on Supplementary Information.

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
SCHEDULE OF UNRESTRICTED REVENUE AND EXPENDITURES BY PROGRAM, CONTINUED
FOR THE YEAR ENDED JUNE 30, 1998

	<u>SUPPORT SERVICES</u>		<u>PROGRAM SERVICES</u>				
	<u>Agency Total</u>	<u>Fund Raising and Management and General</u>	<u>Total Program Services</u>	<u>Employment and Economic Development</u>	<u>Parent Child Center</u>	<u>Organization for Community Involvement</u>	<u>Street Academy</u>
EXPENSES							
Compensation expenses	\$ 966,403	\$ 171,868	\$ 794,535	\$ 412,783	\$ 356,363	\$ 13,570	\$ 11,819
Occupancy expenses	199,852	26,467	173,385	73,549	82,509	2,094	15,233
Travel and transportation	12,830	8,396	4,434	1,414	1,780	664	576
Other direct program expenses	<u>821,118</u>	<u>45,017</u>	<u>776,101</u>	<u>100,181</u>	<u>408,343</u>	<u>4,014</u>	<u>263,563</u>
Grand total expenses	<u>2,000,203</u>	<u>251,748</u>	<u>1,748,455</u>	<u>587,927</u>	<u>848,995</u>	<u>20,342</u>	<u>291,191</u>
Net difference	<u>53,423</u>	<u>(14,545)</u>	<u>67,968</u>	<u>52,469</u>	<u>13,699</u>	<u>(10,351)</u>	<u>12,151</u>
Depreciation	<u>\$ 10,536</u>	<u>\$ 10,536</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Expense Analysis:							
Total Direct Expense							
Percent of Total Program Expenses							
Distribution of Management & General Expenses							
Grand Total Program Expenses							
				\$ 587,927	\$ 848,995	\$ 20,342	\$ 291,191
			33.6	48.6	1.2		16.6
			\$ 84,587	\$ 122,350	\$ 3,021		\$ 41,790
			\$ 672,514	\$ 971,345	\$ 23,363		\$ 332,981

See the Independent Auditors' Report on Supplementary Information.

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 1998

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>GRANT PERIOD</u>	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed-through State of Louisiana Department of Social Services via Total Community Action, Inc.				
Head Start (Parent Child Center)	93.600	01/01/97- 12/31/97	06CH0473	\$ 237,178
Head Start (Parent Child Center)	93.600	01/01/98- 12/31/98	06CHO473- Supplemental	236,909
Head Start (Parent Child Center)	93.600	11/01/97- 12/31/97	06CHO473- Start-up	159,318

(CONTINUED)

See the Independent Auditors' Report on the Schedule of Federal Awards.

SCHEDULE II

Page 2 of 3

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 1998

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>GRANT PERIOD</u>	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES, CONTINUED				
Passed-through State of Louisiana Department of Social Services- Office of Family Support Job Opportunities and Basic Skills Training (JOBS) (Project Assist- Job Search)	93.561	07/01/97- 06/30/98	CFMS-509672	\$ 92,279
Job Opportunities and Basic Skills Training (JOBS) (Project Assist- Office Occupation)	93.561	07/01/97- 06/30/98	CFMS-510753	57,695
Job Opportunities and Basic Skills Training (JOBS) (Customer Service)	93.561	07/01/97- 06/30/98	CFMS-516511	58,093
Job Opportunities and Basic Skills Training (JOBS) (Project Assist - Nursing Assistance)	93.561	07/01/97- 06/30/98	CFMS-516530	<u>60,182</u>
Total U.S. Department of Health and Human Services				<u>901,654</u>

(CONTINUED)

See the Independent Auditors' Report on Schedule of Federal Awards.

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 1998

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>GRANT PERIOD</u>	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<u>U.S. DEPARTMENT OF LABOR</u>				
Passed-Through State of Louisiana Department of Labor via the Orleans Private Industry Council, Inc.				
<u>JTPA Cluster</u>				
Job Training Partnership Act - Title IIA (Word Processing)	17.246	07/01/97- 06/30/98	97-2A-001	\$ 124,231
Job Training Partnership Act - Title III (Word Processing)	17.246	07/01/97- 06/30/98	97-03-001	<u>61,287</u>
Total U.S. Department of Labor				<u>185,518</u>
TOTAL				<u>\$1,087,172</u>

See the Independent Auditors' Report on the Schedule of Federal Awards.

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 1998

NOTE 1 - General:

The Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the **Urban League of Greater New Orleans, Inc.(the League)**. All federal awards that passed through other government agencies are included on the schedule.

NOTE 2 - Basis of Accounting:

The Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting which is described in NOTE 1 of **the League's** financial statements. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 - Relationship to Federal Financial Reports:

Amounts reported in the Schedule of Expenditures of Federal Awards agree with the amounts reported in the related federal financial reports.

NOTE 4 - Relationship to Financial Statements:

Federal awards (grant) revenues are reported in **the League's** financial statements as follows:

Grant revenue	\$1,183,887
Less: State grants and contracts	<u>96,715</u>
Total Federal Financial Awards	<u>\$1,087,172</u>

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

To the Officers and Board of Directors of the
Urban League of Greater New Orleans, Inc.

We have audited the financial statements of **Urban League of Greater New Orleans, Inc. (the League)** (a nonprofit organization) as of and for the year ended June 30, 1998, and have issued our report thereon dated December 21, 1998. In our report, our opinion was qualified because prepaid pension cost and a curtailment gain pertaining to **the League's** defined benefit plan was not recorded in accordance with Statement of Financial Accounting Standards (SFAS) No. 87, "Employers' Accounting for Pensions and SFAS No. 88 "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits." We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial statements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether **Urban League of Greater New Orleans, Inc.'s** 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 statements 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 no instances of noncompliance that are required under *Government Auditing Standards*.

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

(CONTINUED)

Internal Control Over Financial Reporting

In planning and performing our audit we considered **Urban League of Greater New Orleans, Inc.**'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not 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 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 for the information of the Board of Directors, management, the Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Bruno & Tervalon

BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

December 21, 1998

& Tervalon

MICHAEL B. BRUNO, CPA
ALCIDE J. TERVALON, JR., CPA
WALDO J. MORET, JR., CPA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Officers and Board of Directors of the
Urban League of Greater New Orleans, Inc.

Compliance

We have audited the compliance of **Urban League of Greater New Orleans, Inc. (the League)** (a nonprofit organization) with the types of compliance requirements described in the *United States Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 1998. **The Urban League of Greater New Orleans, Inc.'s** major federal programs are identified in the summary of the independent auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of **Urban League of Greater New Orleans, Inc.'s** management. Our responsibility is to express an opinion on **Urban League of Greater New Orleans, Inc.'s** compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(CONTINUED)

to on the previous page could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **Urban League of Greater New Orleans, Inc.**'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on **Urban League of Greater New Orleans, Inc.**'s compliance with those requirements.

In our opinion, **Urban League of Greater New Orleans, Inc.**, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1998. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as Item #98-01.

Internal Control Over Compliance

The management of **Urban League of Greater New Orleans, Inc.** is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered **Urban League of Greater New Orleans, Inc.**'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect **the League's** ability

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(CONTINUED)

to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. The reportable condition is described in the accompanying schedule of findings and questioned costs as Item #98-01.

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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to the major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

This report is intended for the information of the Board of Directors, management, the Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Bruno & Tervalon
BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

December 21, 1998

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 1998

Section I - Summary of Independent Auditors' Results

Financial Statements

Type of auditor's report issued: **qualified**

Internal Control Over Financial Reporting:

- Material weakness(es) identified? **yes** **no**

- Reportable condition(s) identified that are not considered to be material weaknesses? **yes** **none reported**

Noncompliance material to financial statements noted? **yes** **no**

Federal Awards

Internal Control Over Major Programs:

- Material weakness(es) identified? **yes** **no**

- Reportable condition(s) identified that are not considered to be material weaknesses? **yes** **none reported**

Type of auditor's report issued on compliance for major programs: **unqualified**

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 1998

Section I - Summary of Independent Auditors' Results, CONTINUED

Any audit findings disclosed that are required
to be reported in accordance with section 510(a)
of Circular A-133

yes **no**

Identification of major programs:

CFDA Numbers

Name of Federal Programs

93.600

Head Start

93.561

Project Independence

Dollar threshold used to distinguish
between type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee:

yes **no**

Section II - Financial Statements Findings

There were no reportable conditions, material weaknesses and no instances of noncompliance that were required to be reported in accordance with Section 510(a) of OMB Circular A-133.

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 1998

Section III - Federal Award Findings and Questioned Costs

Internal Control Over Compliance and Federal Compliance

AUDIT FINDING REFERENCE NUMBER

98-01 - Property and Equipment Inventory

Federal Program and Specific Federal Award Identification

CFDA Number and Federal Agency

93.600

Head Start

93.561

Job Opportunities and Basic Skills Training (JOBS)

Federal Award Year

June 30, 1998

Pass-Through Entities

Headstart

Total Community Action, Inc.

JOBS

State of Louisiana - Department of Social Services

Office of Family Support

Condition

The League did not conduct a physical inventory of its property and equipment during the current or prior fiscal year.

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 1998

Section III - Federal Award Findings and Questioned Costs
(Continued)

Criteria

OMB Circular A-110, Section 34 and OMB Compliance Supplement Part III, Section F stipulates that a physical inventory of equipment must be conducted at least once every two years and that certain equipment records must be maintained.

Cause

The League has not developed procedures to ensure that a physical inventory was taken at least once every two years. Also, **the League** has not been able to tag equipment on a timely basis.

Questioned Costs

For purposes of this finding, we have not questioned any costs.

Effect

Non-compliance with federal regulations which stipulate that certain procedures must be established and adhered to with respect to equipment.

Recommendation

We recommend that management of **the League** continue in its efforts to correct the noted deficiencies.

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
STATUS OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 1998

There were no prior year audit findings required to be reported.

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.
EXIT CONFERENCE
JUNE 30, 1998

The audit report was discussed with representatives of **the League**. Those persons participating in the discussion were:

URBAN LEAGUE OF GREATER NEW ORLEANS, INC.

Mr. W. Dawson Baptist, CPA	–	Board Member
Mrs. Edith Gee Jones	–	President & CEO
Mrs. Dolores W. Brickley	–	Vice President, Finance and Administration
Mr. John Todd, Jr., CPA	–	Accounting Supervisor

BRUNO & TERVALON, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Michael B. Bruno, CPA	–	Engagement/Managing Partner
Mr. Joseph A. Akanji, CPA	–	Engagement Supervisor



Urban League Of Greater New Orleans, Inc.

1929 Bienville Avenue
New Orleans, Louisiana 70112
(504) 524-4667
Fax (504) 581-6597

Chairman
Jerry D. Jackson

Senior Vice Chairman
Judge Robert E. Jones, III, Esq.

Vice Chairman
Patrice A. Williams-Smith

Secretary
Sandra A. Berry

Treasurer
Albert H. Bush

Ex-Officio
W. Dawson Baptist

Honorary Chairman
Helen A. Mervis

Honorary Members
Dr. Norman C. Francis
Justice Revis O. Ortique, Jr.

Intern
William "Bill" Lewis
President & CEO
Edith Gee Jones

Members
Dr. Melinda Bartley-Martin
June B. Cahn, Esq.
James J. Carter, Esq.
Gary J. Chiasson
Gibson C. Chigbu
Shelia J. Danzey
Kurt B. Davis
Rosa H. Edwards
Joseph S. Exnicios
Hugh Farabaugh
Leon R. Fulton
Alfonso "Al" Gonzalez
Dr. Marcellus Grace
Richard A. Henault
Susan O. Hess
Bobby D. Higginbotham
James J. Hutchinson, Jr.
Earnest L. James
Dr. Andrea Green Jefferson
Dr. Clifton H. Johnson
Nathaniel H. LaCour, Jr.
Raymond C. "Butch" Lunn
Ronald Mason, Jr., Esq.
Bettie Mebane
Karyn E. Noles
E.L. "Ed" Poindexter
Virgil Robinson, Jr.
Willie L. Spears
Luther C. Speight, III
Jimmie Thorns, Jr.
Ronald W. Vice

AUDIT FINDING - CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 1998

<u>AUDIT FINDING</u>	<u>PROPOSED CORRECTIVE ACTION</u>	<u>PROJECTED COMPLETION DATE</u>	<u>CONTACT PERSON</u>
Property and Equipment Inventory: <u>Condition</u> The League did not conduct a physical inventory of its property and equipment during the current or prior fiscal year.	A physical inventory of equipment will be taken at the administrative office and all program locations during the current fiscal year. Equipment inventory will be updated at least every two years in accordance with federal regulations.	Before June 30, 1999	Mrs. Dolores, W. Brickley, Vice President, Finance and Administration



OFFICE
FILED
DO NOT SEND OUT
(Xerox necessary
copies from this
copy and PLACE
BACK in FILE)

RECEIVED

JAN 04 1999

LEGISLATIVE REPORT

99100378
9847

WEBSTER PARISH FIRE PROTECTION DISTRICT NO. 7

ANNUAL FINANCIAL REPORT

JUNE 30, 1998

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 24 1999

WEBSTER PARISH FIRE PROTECTION DISTRICT NO. 7
WEBSTER PARISH POLICE JURY
Dixie Inn, Louisiana

Component Unit Financial Statements
Year ended June 30, 1998

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	2
CORRECTIVE ACTION PLAN	3
SUMMARY OF PRIOR YEAR FINDINGS	4
Component Unit Financial Statements:	
Combined Balance Sheet - All Fund Types and Account Groups	5
Statement of Revenues, Expenditures, and Changes in Fund Balance - All Governmental Fund Types	6
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual.	7
Notes to Financial Statements	8

JAMIESON, WISE & MARTIN

A PROFESSIONAL ACCOUNTING CORPORATION

601 MAIN STREET P. O. BOX 897

MINDEN, LOUISIANA 71058-0897

(318) 377-3171

FAX (318) 377-3177

E-MAIL JWM@CWIDE.NET

MICHAEL W. WISE, C.P.A.
CARLOS E. MARTIN, C.P.A.
DAVID W. TINSLEY, C.P.A.

KRISTINE J. HARPER, C.P.A.

WM. PEARCE JAMIESON, C.P.A. (1991)

MEMBERS

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Webster Parish Fire Protection District No. 7
Dixie Inn, Louisiana

We have audited the accompanying component unit financial statements of the Webster Parish Fire Protection District No. 7 as of and for the year ended June 30, 1998, as listed in the table of contents. These component unit financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these component unit financial statements based on our audit.

Except as discussed in the following paragraph, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the component unit 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 financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall component unit financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, requires disclosures of certain matters regarding the year 2000 issue. The Webster Parish Fire Protection District No. 7 has included such disclosures in Note 7. Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support the Webster Parish Fire Protection District No. 7's disclosures with respect to the year 2000 issue made in Note 7. Further, we do not provide assurance that Webster Parish Fire Protection District No. 7's year 2000 remediation efforts will be successful in whole or in part, or that parties with which Webster Parish Fire Protection District No. 7 does business will be year 2000 ready.

In our opinion, except for the effect of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding the year 2000 disclosures, the component unit financial statements referred to above present fairly, in all material respects, the financial position of the Webster Parish Fire Protection District No. 7 as of June 30, 1998, 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 our report dated December 16, 1998 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Jamieson Wise & Martin

Minden, Louisiana
December 16, 1998

JAMIESON, WISE & MARTIN

A PROFESSIONAL ACCOUNTING CORPORATION

601 MAIN STREET P. O. BOX 897

MINDEN, LOUISIANA 71058-0897

(318) 377-3171

FAX (318) 377-3177

E-MAIL JWM@CWIDE.NET

MICHAEL W. WISE, C.P.A.
CARLOS E. MARTIN, C.P.A.
DAVID W. TINSLEY, C.P.A.
KRISTINE J. HARPER, C.P.A.

WM. PEARCE JAMIESON, C.P.A. (1991)

MEMBERS

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Commissioners
Webster Parish Fire Protection District No. 7
Dixie Inn, Louisiana

We have audited the component unit financial statements of the Webster Parish Fire Protection District No. 7, as of and for the year ended June 30, 1998, and have issued our report thereon dated December 16, 1998. 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.

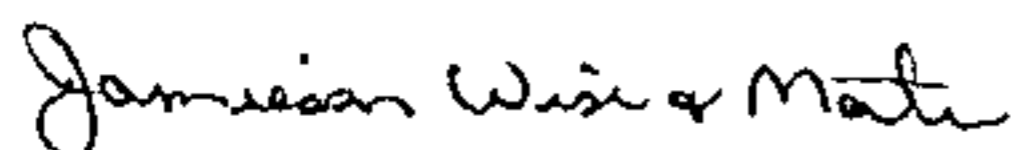
Compliance

As part of obtaining reasonable assurance about whether Webster Parish Fire Protection District No. 7's component unit 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Webster Parish Fire Protection District No. 7's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the component unit 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 component unit 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.

This report is intended for the information of the District's Board of Commissioners and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.



Minden, Louisiana
December 16, 1998

WEBSTER PARISH FIRE PROTECTION DISTRICT NO. 7

CORRECTIVE ACTION PLAN

June 30, 1998

During the audit of the financial statements of Webster Parish Fire Protection District No. 7 as of and for the year ended June 30, 1998, no findings were noted that are required to be reported in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States.

WEBSTER PARISH FIRE PROTECTION DISTRICT NO. 7

SUMMARY OF PRIOR YEAR FINDINGS
JUNE 30, 1998

The prior year audit finding for the year ended June 30, 1997 was as follows:

Independent Accountants' Report on Applying Agreed-Upon Procedures

Finding: We examined supporting documentation for each of the six selected disbursements, and found that payment was for the proper amount and made to the correct payee with only one exception. We could not verify this exception because of missing canceled checks. In our search for general fixed assets, we selected nine disbursements which we traced to supporting documentation; there was only one instance in this sample for which there was no supporting documentation.

Recommendation: Sufficient supporting documentation should be retained for all disbursements.

Current Status: During the year ended June 30, 1998, the District made efforts to retain sufficient documentation. No similar audit findings are noted in the audit for the year ended June 30, 1998.

WEBSTER PARISH FIRE PROTECTION DISTRICT NO. 7
 Combined Balance Sheet - All Fund Types and Account Groups
 June 30, 1998

	Governmental Fund Type	Account Groups		Totals
	Special Revenue	Fixed Assets	General Long-term Debt	(Memorandum Only)
ASSETS				
Cash and cash equivalents	\$ 151,245	-	-	151,245
Deposits	95	-	-	95
Vehicles	-	217,847	-	217,847
Equipment	-	78,267	-	78,267
Buildings and land	-	107,445	-	107,445
Amount to be provided for retirement of long-term debt	-	-	195,000	195,000
Total Assets	\$ 151,340	\$ 403,559	195,000	749,899
LIABILITIES AND FUND BALANCE				
Bonds Payable	\$ -	-	195,000	195,000
Fund Balance				
Reserved for debt retirement	108,511	-	-	108,511
Unreserved	42,829	-	-	42,829
Investment in fixed assets	-	403,559	-	403,559
Total fund balance	151,340	403,559	-	554,899
Total Liabilities and Fund Balance	\$ 151,340	\$ 403,559	195,000	749,899

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

WEBSTER PARISH FIRE PROTECTION DISTRICT NO. 7

Statement of Revenues, Expenditures and Changes in
Fund Balance - All Government Fund Types
For the year ended June 30, 1998

Revenues:

Ad valorem taxes	\$ 82,016
Interest earned	4,528
Other receipts	5,286
Total revenues	<u>91,830</u>

Expenditures:

Bond maintenance fee	600
Advertising	292
Telephone	823
Utilities	2,381
Office expense	276
Training	1,490
Fuel	1,317
Repairs and maintenance	8,133
Insurance	7,022
Communications	2,254
Legal and professional	800
Bond interest	15,625
Bond payments	25,000
Capital outlay	4,380
Miscellaneous	228
Total expenditures	<u>70,621</u>

Excess (deficiency) revenues over expenditures 21,209

Fund balances at beginning of year 130,131

Fund balances at end of year \$ 151,340

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

WEBSTER PARISH FIRE PROTECTION DISTRICT NO. 7

Governmental Fund Type - Special Revenue
 Statement of Revenues, Expenditures and Changes in
 Fund Balance - Budget (GAAP Basis) and Actual
 For the year ended June 30, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues	\$ 80,025	91,830	11,805
Expenditures:			
Bond maintenance fee	600	600	-
Advertising	-	292	(292)
Telephone	1,200	823	377
Utilities	3,000	2,381	619
Office expense	300	276	24
Training	1,520	1,490	30
Fuel	1,500	1,317	183
Repairs and maintenance	9,020	8,133	887
Insurance	7,000	7,022	(22)
Communications	2,300	2,254	46
Legal and professional	800	800	-
Bond interest	15,625	15,625	-
Bond payments	25,000	25,000	-
Capital outlay	4,380	4,380	-
Miscellaneous	280	228	52
Savings and reserve	7,500	-	7,500
Total expenditures	<u>80,025</u>	<u>70,621</u>	<u>9,404</u>
Excess (deficiency) revenues over expenditures	-	21,209	21,209
Fund balances at beginning of year	<u>130,131</u>	<u>130,131</u>	<u>-</u>
Fund balances at end of year	<u>\$ 130,131</u>	<u>151,340</u>	<u>21,209</u>

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

WEBSTER PARISH FIRE PROTECTION DISTRICT NO. 7

NOTES TO FINANCIAL STATEMENTS
June 30, 1998

1. The Webster Parish Fire Protection District No. 7 was created by resolution of the Webster Parish Police Jury in 1988. The District began collecting ad valorem taxes in January 1990. The District board consists of five members. Two members are appointed by the Webster Parish Police Jury, two members are appointed by the Village of Dixie Inn and the fifth member is appointed by the other four members and is the chairman of the District.

The significant accounting policies followed by the Webster Parish Fire Protection District No. 7 in preparation of the accompanying financial statements are set forth below.

- A. Basis of presentation - The accounting and reporting practices of the Webster Parish Fire Protection District No. 7 conform to generally accepted accounting principles as applicable to governmental units. Such accounting and reporting procedures also conform to the industry audit guide, Audits of State and Local Governmental Units, published by the American Institute of Certified of Public Accountants, and to the applicable Louisiana Revised Statutes.
- B. Reporting entity - For financial reporting purposes, in conformance with GASB Statement No. 14, the Webster Parish Fire Protection District No. 7 includes all funds and account groups which are *controlled by the District*. The District has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent upon the District. Control or dependence is determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.
- C. Fund accounting - The accounts of the Webster Parish Fire Protection District No. 7 are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. For the year ended June 30, 1998, one fund existed which was a Special Revenue Fund classified as a governmental fund.
- D. Basis of accounting - Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

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 tax revenues are recognized when they become available. With the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except that principal and interest on general long-term debt is recognized when due.

- E. Budgets and budgetary accounting - The District follows these procedures in establishing the budgetary data reflected in these financial statements:
 - 1) A proposed budget is prepared for the Board of Commissioners and made available for public inspection in June of each year.
 - 2) After formal review and public inspection, the budget is adopted by the Board of Commissioners by June 30 of the year end.
 - 3) Formal budgetary integration is employed as a management control device during the year for the special revenue fund. Budgetary amendments require the approval of the Board of Commissioners. The Board of Commissioners is authorized to transfer amounts between line items within any fund. For the year ended June 30, 1998, the budget was amended in accordance with Louisiana Revised Statutes.
 - 4) Appropriations lapse at the end of each fiscal year.

WEBSTER PARISH FIRE PROTECTION DISTRICT NO. 7

NOTES TO FINANCIAL STATEMENTS
June 30, 1998

- F. Cash and cash equivalents - Cash includes amounts in demand deposits. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under the laws of the State of Louisiana or national banks having their principal offices in Louisiana.
- G. Fixed Assets - Fixed assets of governmental funds are recorded as expenditures at the time they are purchased or constructed, and the related assets are capitalized in the general fixed asset account group. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost.
- H. Total columns on combined statements - Total columns on 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 consolidation. Interfund eliminations have not been made in the aggregation of this data.

2. Ad Valorem Taxes

The District has a levy of 26.12 mill ad valorem tax as of June 30, 1998. Debt service is funded by 16.07 mills and maintenance is funded by the remaining 10.05 mills. Taxes are assessed on a calendar year basis, become due on November 15 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.

3. Cash and cash equivalents

At June 30, 1998, the District had cash and cash equivalents totaling \$ 151,245 in demand deposits. These deposits are stated at cost, which approximates market. Under state laws, 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 at least 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.

Cash and cash equivalents at June 30, 1998, are secured as follows:

Bank balances	\$ <u>151,245</u>
Federal deposit insurance	\$ 100,000
Pledged securities (uncollateralized)	<u>500,935</u>
Total	\$ <u>600,935</u>

Even though the pledged securities are considered uncollateralized 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 ten days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

WEBSTER PARISH FIRE PROTECTION DISTRICT NO. 7

NOTES TO FINANCIAL STATEMENTS
June 30, 1998

4. General Fixed Assets

	<u>Total</u>	<u>Land & Buildings</u>	<u>Vehicles</u>	<u>Equipment</u>
Balance 6-30-97	\$ 399,179	107,445	217,847	73,887
Additions	<u>4,380</u>	<u>0</u>	<u>0</u>	<u>4,380</u>
Balance 6-30-98	\$ <u>403,559</u>	<u>107,445</u>	<u>217,847</u>	<u>78,267</u>

5. Changes in General Long-Term Debt

The following is a summary of bond transactions of the District for the year ended June 30, 1998:

Bonds Payable, June 30, 1997	\$220,000
Bonds Retired	<u>(25,000)</u>
Bonds Payable, June 30, 1998	\$ <u>195,000</u>

Bonds are comprised of General Obligation Bonds, Series 1989, dated October 1, 1989; due in semi-annual installments through April 1, 2004; average net interest of 7.28%

The annual requirements to amortize the debt outstanding as of June 30, 1998, including interest payments are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1999	\$ 25,000	13,875	38,875
2000	30,000	12,125	42,125
2001	30,000	9,995	39,995
2002	35,000	7,865	42,865
2003	35,000	5,363	40,363
Thereafter	<u>40,000</u>	<u>2,860</u>	<u>42,860</u>
Totals	\$ <u>195,000</u>	<u>52,083</u>	<u>247,083</u>

6. Members of the Board of Commissioners

Members of the Board of Commissioners do not receive compensation. The following serve on the Board of Commissioners:

Mike Burton	Chairman
Joey Purdy	Secretary-Treasurer
Wilbert Brooks	Commissioner
Elvis Culverhouse	Commissioner
Daniel White	Commissioner

WEBSTER PARISH FIRE PROTECTION DISTRICT NO. 7

NOTES TO FINANCIAL STATEMENTS

June 30, 1998

7. Year 2000 Issue

Year 2000 is an issue arising from computers being programmed in prior years to use only two digits (under the assumption that the first two digits would always be 19) to identify the year when processing date-sensitive information. This method of identifying dates could cause problems when processing information with dates in the year 2000 or later. As a result, the systems that use only two digits to identify dates could process data incorrectly or stop functioning altogether. The effects of the year 2000 is expected to extend beyond systems that produce financial information. It encompasses all computer systems and any equipment that is dependent on microchip technology.

Webster Parish Fire Protection District No. 7 is in the process of assessing the impact of the year 2000 issue on its operations. The execution of the direct fire protection services offered by the District generally does not rely directly upon microchip technology since these services are not automated in nature. However, the effect of the year 2000 issue upon the District's vendors, revenue providers, grantors, and other entities with which it interacts has not been entirely determined. As a result, the effect of any of these entities' non-compliance with the year 2000 upon the District has also not been determined.

For the year ended June 30, 1998, the Webster Fire Protection District No. 7 incurred no material remediation costs concerning the year 2000 issue. No significant loss due to impairment of equipment that is not year 2000 compliant was recognized for the year ended June 30, 1998.