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ALLEN PARISH LIBRARY
Oberlin, Louisiana

Financial Report

Year Ended December 31, 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 MAY 26 1999

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INDEPENDENT AUDITORS' REPORT

Board of Control
Allen Parish Library
Oberlin, Louisiana

We have audited the accompanying general purpose financial statements of the Allen Parish Library (the Library), a component unit of the Allen Parish Police Jury, as of and for the year ended December 31, 1998. These general purpose financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these general purpose 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 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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.

Governmental Accounting Standards Board Technical Bulletin 98-1, Disclosures about Year 2000 Issues, requires disclosure of certain matters regarding the year 2000 issue. The Library has included such disclosures in Note 9. 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 Library's disclosures with respect to the year 2000 issue made in Note 9. Further, we do not provide assurance that the Library is or will be year 2000 ready, that the Library's year 2000 remediation efforts will be successful in whole or in part, or that the parties with which the Library does business will be year 2000 ready.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding year 2000 disclosures, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Allen Parish Library, as of December 31, 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 a report dated March 9, 1999 on our consideration of the Allen Parish Library's internal control structure and its compliance with laws and regulations.

The financial information for the preceding year which is included for comparative purposes, was taken from the financial report dated June 9, 1998, for that year, in which we expressed an unqualified opinion on the general purpose financial statements of the Allen Parish Library.

Kolder, Champagne, Slaven & Rainey, LLC
Certified Public Accountants

Oberlin, Louisiana
March 9, 1999

**GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)**

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Combined Balance Sheet - Governmental Fund Type and Account Groups
December 31, 1998

	Governmental Fund Type <u>General Fund</u>	Account Groups		Totals (Memorandum Only)	
		<u>General Fixed Assets</u>	<u>General Long-Term Debt</u>	<u>1998</u>	<u>1997</u>
ASSETS AND OTHER DEBITS					
Cash	\$ 204	\$ -	\$ -	\$ 204	\$ 485
Interest - bearing deposits	113,135	-	-	113,135	177,595
Ad valorem taxes receivable	443,019	-	-	443,019	440,032
Intergovernmental receivables:					
State revenue sharing	17,601	-	-	17,601	20,632
Grants	1,809	-	-	1,809	1,986
Prepaid insurance	1,414	-	-	1,414	-
Library, land, building, equipment and books	-	1,459,929	-	1,459,929	1,178,059
Amount to be provided for retirement of general long-term debt	-	-	21,257	21,257	20,659
Total assets and other debits	<u>\$577,182</u>	<u>\$1,459,929</u>	<u>\$21,257</u>	<u>\$2,058,368</u>	<u>\$1,839,448</u>
LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts payable	\$ 12,946	\$ -	\$ -	\$ 12,946	\$ 13,049
Accrued payables	8,933	-	-	8,933	8,994
Salaries payable	11,017	-	-	11,017	10,418
Compensated absences payable	-	-	21,257	21,257	20,659
Total liabilities	<u>32,896</u>	<u>-</u>	<u>21,257</u>	<u>54,153</u>	<u>53,120</u>
Fund equity:					
Investment in general fixed assets	-	1,459,929	-	1,459,929	1,178,059
Fund balance -					
Reserved for debt service	21,257	-	-	21,257	20,659
Reserved for prepaids	1,414	-	-	1,414	-
Fund balance - unreserved, undesignated	<u>521,615</u>	<u>-</u>	<u>-</u>	<u>521,615</u>	<u>587,610</u>
Total fund equity	<u>544,286</u>	<u>1,459,929</u>	<u>-</u>	<u>2,004,215</u>	<u>1,786,328</u>
Total liabilities and fund equity	<u>\$577,182</u>	<u>\$1,459,929</u>	<u>\$21,257</u>	<u>\$2,058,368</u>	<u>\$1,839,448</u>

The accompanying notes are an integral part of this statement.

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget
(GAAP Basis) and Actual - General Fund
Year Ended December 31, 1998
With Comparative Actual Amounts for Year Ended December 31, 1997

	1998		Variance - Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Revenues:				
Taxes - ad valorem	\$460,000	\$442,614	\$(17,386)	\$460,734
Intergovernmental -				
State revenue sharing	60,000	56,453	(3,547)	50,277
State aid	14,063	14,063	-	16,649
Federal grant	20,100	21,716	1,616	23,855
State grant	97,650	85,723	(11,927)	29,738
Miscellaneous -				
Interest	5,300	7,096	1,796	7,122
Other sources	50,976	49,418	(1,558)	24,534
Total revenues	<u>708,089</u>	<u>677,083</u>	<u>(31,006)</u>	<u>612,909</u>
Expenditures:				
Current -				
Culture and recreation:				
Salaries and wages	267,028	257,958	9,070	273,315
Payroll taxes	10,900	8,635	2,265	9,139
Retirement contributions	15,500	13,853	1,647	15,434
Group insurance	20,000	17,340	2,660	20,279
Utilities and telephone	42,500	36,030	6,470	30,690
Professional fees	7,705	3,705	4,000	9,918
Advertising, dues and subscriptions	10,400	10,197	203	5,395
Building rentals	4,200	4,200	-	4,200
Equipment rentals	5,500	4,862	638	6,090
General insurance	8,100	8,814	(714)	7,800
Periodicals and subscriptions	4,500	10,977	(6,477)	6,113
Travel	16,150	15,693	457	14,783
Supplies	31,363	31,011	352	38,428
Repairs and maintenance	5,250	5,182	68	12,627
Consulting	20,500	20,548	(48)	24,260
Book rentals	8,500	8,967	(467)	8,497
Total culture and recreation	<u>478,096</u>	<u>457,972</u>	<u>20,124</u>	<u>486,968</u>
Capital outlay -				
Books	70,000	55,031	14,969	49,921
Equipment	235,000	228,063	6,937	4,765
Total capital outlay	<u>305,000</u>	<u>283,094</u>	<u>21,906</u>	<u>54,686</u>
Total expenditures	<u>783,096</u>	<u>741,066</u>	<u>42,030</u>	<u>541,654</u>
Excess (deficiency) of revenues over expenditures	<u>\$(75,007)</u>	<u>(63,983)</u>	<u>\$ 11,024</u>	<u>71,101</u>
Fund balances, beginning		<u>608,269</u>		<u>537,168</u>
Fund balances, ending		<u>\$544,286</u>		<u>\$608,269</u>

The accompanying notes are an integral part of this statement.

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

The Allen Parish Library, which is a component unit of the Allen Parish Police Jury, was created under Louisiana Revised Statute 25:211. The Library operates under a Board of Control. The purpose of the Library is to provide library facilities to residents within its boundaries.

The accounting and reporting policies of the Allen Parish Library conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the industry audit guide, Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

This report includes the fund and account groups which are controlled by or dependent on the Library executive and legislative branches (the Board of Control). Control by or dependence on the Library was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibilities.

The Library is a component unit of the Allen Parish Police Jury. Although the Parish does not provide financing, it does exercise some control over operations by virtue of the fact that it appoints the Board of Control.

B. Fund Accounting

The accounts of the Library are organized into fund and account groups, each of which is considered a separate accounting entity. The operation of the fund is accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures. Account groups are reporting devices used to account for certain assets and liabilities of the governmental fund not recorded directly in that fund.

C. Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus.

The general fund operations are accounted for on a spending or "financial flow" measurement focus, and only current assets and current liabilities are generally included on the balance sheet.

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Notes to Financial Statements (Continued)

The fixed assets used in the governmental fund type operations are accounted for in the General Fixed Assets Account Group and are recorded as expenditures in the General Fund when purchased. No depreciation has been provided on general fixed assets. All fixed assets are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are stated at their estimated fair market value on the date donated. Estimated amounts are immaterial in relation to total fixed assets.

Long-term liabilities expected to be financed from general fund operations are accounted for in the General Long-Term Debt Account Group.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The governmental fund in the accompanying financial statements is reported on a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The following practices are utilized:

Revenues -

Ad valorem taxes and the related state revenue sharing (which are based on population and homesteads in the parish) are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, become due in December of each year and become delinquent on January 1. The taxes are generally collected in December, January, and February of each fiscal year. Other revenues that are considered susceptible to accrual include earned grant revenues and interest on interest-bearing deposits. Substantially, all other revenues are recorded when received.

Expenditures -

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

E. Budgetary Practices

The Library follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Library's Director prepares a proposed budget and presents it to the Board of Control prior to ninety days before the beginning of each fiscal year.

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Notes to Financial Statements (Continued)

2. The proposed budget is presented to the Allen Parish Police Jury. The Police Jury publishes the proposed budget and notifies the public that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held by the Police Jury on the proposed budget at least ten days after publication of the call for the hearing.
4. Any changes in the proposed annual operating budget requires a majority vote of the Board of Control.
5. No later than the last regular meeting of the fiscal year, the Board of Control adopts the annual operating budget for the ensuing fiscal year.
6. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Budget appropriations lapse at year end.

F. Interest-Bearing Deposits

Interest-bearing deposits are stated at cost, which approximates market.

G. Compensated Absences

Each full time employee earns eight (8) hours of sick leave per month which can be accumulated indefinitely. Employees who resign, retire or who are dismissed from employment shall not be paid for any accrued sick leave.

Vacation leave is earned as follows for each full time employee:

Director	1 month
Other employees-	
15 years or more of service	3 weeks
1 year to 15 years of service	2 weeks

Employees also earn compensated time for overtime hours worked. The compensated time may be used as time off in the future in lieu of overtime pay. Employees may accumulate and carry over vacation leave and compensated time. The liability for these items has been recorded in the General Long-Term Debt Account Group.

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Notes to Financial Statements (Continued)

H. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Library as an extension of formal budgetary integration in the funds.

I. Bad Debts

Uncollectible amounts due for ad valorem taxes and other revenues are recognized as bad debts at the time information becomes available which would indicate uncollectibility of the receivable. Although the specific charge-off method is not in conformity with generally accepted accounting principles (GAAP), no allowance for uncollectible receivables was made due to immateriality at December 31, 1998.

J. Memorandum Only - Total Column

The total column on the Combined Balance Sheet is captioned Memorandum Only to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

(2) Cash and Interest-Bearing Deposits

Under state law, the Library may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Library may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 1998, the Library has cash and interest-bearing deposits (book balances) totaling \$113,339, as follows:

Demand deposits	\$ 204
Interest-bearing demand and savings accounts	<u>113,135</u>
Total	<u>\$113,339</u>

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Notes to Financial Statements (Continued)

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 bank. Deposit balances (bank balances) at December 31, 1998, are secured as follows:

Bank balances	<u>\$114,938</u>
Federal deposit insurance	100,232
Pledged securities (Category 3)	<u>114,706</u>
Total	<u>214,938</u>
Excess of federal insurance and pledged securities over bank balances	<u>\$100,000</u>

Pledged securities in Category 3 includes uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the Library's name. Even though the pledged securities are considered uncollateralized (Category 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.

(3) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied in September or October and are actually billed to the taxpayers in December. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year.

Tax revenues are recognized in the year they are billed.

The taxes are based on assessed values determined by the Tax Assessor of Allen Parish and are collected by the Sheriff. The taxes are remitted to the Allen Parish Library net of deductions for Pension Fund Contributions.

For the year ended December 31, 1998, taxes of 8.76 mills were levied on property with net assessed valuations totaling \$52,333,530 and were dedicated to paying the administrative, operations and maintenance expenditures for the Library.

Total taxes levied during 1998 were \$458,444. Taxes receivable at December 31, 1998 amounted to \$443,019.

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Notes to Financial Statements (Continued)

(4) General Fixed Assets

A summary of changes in general fixed assets follows:

	Balance <u>January 1, 1998</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>December 31, 1998</u>
Land	\$ 10,500	\$ -	\$ -	\$ 10,500
Books	751,263	55,031	-	806,294
Building	140,677	-	-	140,677
Equipment	169,470	228,063	-	397,533
Furniture and fixtures	<u>106,149</u>	<u>-</u>	<u>1,224</u>	<u>104,925</u>
Total	<u>\$1,178,059</u>	<u>\$283,094</u>	<u>\$ 1,224</u>	<u>\$1,459,929</u>

(5) Retirement Commitments

The Allen Parish Library participates in the Parochial Employees Retirement System of Louisiana, a cost-sharing multiple-employer, public employee retirement system.

The system provides retirement, disability and death benefits to plan members and beneficiaries. Benefits under the system are established and amended by Louisiana state statutes. A publicly available financial report that includes financial statements and required supplemental information may be obtained by writing to the Parochial Employees' Retirement System, P. O. Box 14619, Baton Rouge, Louisiana 70898.

Plan members are required to contribute 9.5 percent of their annual covered salary and the Library is required to contribute at the statutory rate of 7.75 percent of the annual covered payroll. The Library's contributions to the system for the year ended December 31, 1998 and 1997 were \$13,853 and \$15,434, respectively, equal to the required contribution for each year.

(6) Board of Control

Non-commissioned members of the Allen Parish Library Board of Control at December 31, 1998 are as follows:

Linda Citizen Thompson
Barbara Conner

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Notes to Financial Statements (Continued)

Minnie-Lou Lynch
Margaret Ann Osborn
John Stegall
R.E. Weatherford

Board members serve with no compensation.

(7) Litigation and Claims

There were no litigation or claims pending against the Allen Parish Library at December 31, 1998.

(8) Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the Allen Parish Library for the year ended December 31, 1998:

Compensated absences payable, January 1, 1998	\$20,659
Additions	13,039
Retirements	<u>12,441</u>
Compensated absences payable, December 31, 1998	<u>\$21,257</u>

(9) Year 2000 Issue (Unaudited)

The Year 2000 issue is the result of computer programs being written using two digits rather than four to define the applicable year. Any of the Library's computer programs that have time sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in system failure or miscalculations causing disruptions of operations, including, among other things, a temporary inability to process transactions, or engage in similar normal business activities.

The Library has completed a preliminary assessment of the impact of this issue. The computer programs and other electronic equipment that may be affected by the year 2000 issue have been identified and tested for compliance.

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. Management cannot assure that the Library is or will be Year 2000 compliant, and that the Library's remediation efforts will be successful in whole or in part, or that the parties with whom the Library transacts business will be Year 2000 compliant.

**INTERNAL CONTROL AND
COMPLIANCE**

KOLDER, CHAMPAGNE, SLAVEN & RAINEY, LLC

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

Board of Control
Allen Parish Library
Oberlin, Louisiana

We have audited the general purpose financial statements of the Allen Parish Library, a component unit of the Allen Parish Police Jury for the year ended December 31, 1998, and have issued our report thereon dated March 9, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Allen Parish Library's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and 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 the Allen Parish Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting 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 financial reporting that, in our judgment, could adversely affect the Library's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying summary schedule of current and prior year audit findings and corrective action plan at Item 98-1 (IC).

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting 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 in the accompanying schedule of current and prior year audit findings and corrective action plan at Item 98-1 (IC) is a material weakness.

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

Kolder, Champagne, Slaven & Rainey, LLC
Certified Public Accountants

Oberlin, Louisiana
March 9, 1999

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan
Year Ended December 31, 1998

Ref. No.	Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
CURRENT YEAR (12/31/98)						
Internal Control:						
98-1 (IC)	Unknown	Due to the small number of employees, the Library did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	Karen Teigen, Director	N/A
PRIOR YEAR (12/31/97)						
98-1 (IC)	Unknown	Due to the small number of employees, the Library did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	Karen Teigen, Director	N/A