

WEST CARROLL PARISH LIBRARY

FINANCIAL STATEMENTS**FOR THE YEAR ENDED
DECEMBER 31, 2006**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 7-26-06

**WEST CARROLL PARISH LIBRARY
OAK GROVE, LOUISIANA**

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**WEST CARROLL PARISH LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005**

As Management of the West Carroll Parish Library, we offer readers of the West Carroll Parish Library's financial statements this narrative overview and analysis of the financial activities of the West Carroll Parish Library as of December 31, 2005, for the fiscal year ended December 31, 2005. We encourage readers to consider the information presented here in conjunction with the Library's basic financial statements and supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments issued June 1999.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the West Carroll Parish Library's basic financial statements. The Library's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad view of the West Carroll Parish Library's finances, manner similar to a private-sector business. The statement of net assets presents information on all of the West Carroll Parish Library's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the West Carroll Parish Library is improving or deteriorating. The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, earned but unused vacation leave). The government-wide financial statements can be found on pages 10-11 of this report.

Fund financial statements. The fund financial statements focus on current available resources and are organized and operated on the basis of funds, each of which is defined as a fiscal and accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. All of the funds of the Library are governmental funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

**WEST CARROLL PARISH LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2005**

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The West Carroll Parish Library maintains one individual governmental fund. Information as of and for the year ended December 31, 2005, is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be a major fund.

The West Carroll Parish Library adopts an annual appropriated budget for the General Fund. A budgetary comparison statement is provided for the major funds to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 10-11 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 12-20 of this report.

Supplemental information. In addition to the basic financial statements and accompanying notes, this report also presents required supplemental information concerning the West Carroll Parish Library's compliance with budgets for the general fund.

FINANCIAL HIGHLIGHTS

- The net assets of the Library exceeded its liabilities at December 31, 2005 by \$353,646.
- The Library's net assets decreased by \$41,708 (10%) as a result of this year's operations.

At December 31, 2005, the Library's governmental funds reported total ending fund balances of \$231,234, a decrease of \$15,202, including expenditures for capital assets. The entire fund balance is available for spending at the Library's discretion.

**WEST CARROLL PARISH LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2005**

NET ASSETS

	<u>2005</u>	<u>2004 (restated)</u>
Current and other assets	\$ 265,620	\$ 272,540
Capital assets (net)	<u>102,294</u>	<u>154,461</u>
Total assets	<u>367,914</u>	<u>427,001</u>
Liabilities - accounts payable	<u>14,268</u>	<u>31,649</u>
Net assets:		
Invested in capital assets, net of debt	102,294	154,461
Unrestricted	<u>251,352</u>	<u>240,891</u>
Total net assets	<u>\$ 353,646</u>	<u>\$ 395,352</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, assets of the West Carroll Parish Library exceeded liabilities by \$353,646. A significant portion (29%) of the West Carroll Parish Library's net assets reflects its investments in capital assets (e.g. land, building, and improvements and equipments, net of accumulated depreciation), less any related debt used to acquire those assets that is still outstanding. These assets are not available for future spending.

The changes in net assets for the years ended December 31, 2005 and 2004, are summarized as follows:

CHANGES IN NET ASSETS

	<u>2005</u>	<u>2004 (restated)</u>
Revenues		
Program revenues:		
Charges for services	\$ 7,218	\$ 7,033
Operating grants	16,769	14,137
General revenues:		
Property taxes	190,253	180,855
Unrestricted grants and contributions	18,760	17,936
Other general revenues	<u>6,461</u>	<u>8,350</u>
Total revenues	<u>239,461</u>	<u>228,311</u>
Program expenses		
Personal services	118,200	80,693
Operating services	151,124	142,684
Materials and supplies	4,273	11,144
Travel and other	845	3,862
Other	<u>6,727</u>	<u>6,728</u>
Total expenses	<u>281,169</u>	<u>245,111</u>
Increase in net assets	<u>\$ (41,708)</u>	<u>\$ (16,800)</u>

**WEST CARROLL PARISH LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2005**

Governmental activities. The most significant revenues of the governmental activities are general revenues (90%), which include property taxes (79%), Unrestricted grants and contributions (includes state revenue sharing) (8%) and other general revenues (includes fines and forfeitures and investment earnings) (3%). Program revenues are 10% of the total revenues of governmental activities.

Operating services and salaries and related benefits are the most significant of all governmental activities expenses.

Governmental activities revenues increased \$11,150 in the current year. The increase was primarily attributable to property tax increases.

Governmental activities expenses increased by \$36,058 in the current year as compared to 2004. The increase was primarily attributable to an increase in depreciation.

FINANCIAL ANALYSIS OF THE LIBRARY'S FUNDS

As noted earlier, the Library uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Governmental funds. As of December 31, 2005, governmental fund balances of \$231,234 increased by \$15,202 from December 31, 2004. The entire fund balance is unreserved, which is considered available for appropriation.

Governmental funds revenues increased by \$15,891 and expenditures decreased by \$54,891 from the prior year. The most significant decrease in expenditures occurred in capital outlay with a decrease over 2004's capital outlay by \$52,985. This decrease was attributable to building improvements paid for by the Library in 2004.

GENERAL FUND BUDGETARY HIGHLIGHTS

For 2005, fund balance in the original budget decreased by \$2,197 as compared to the final budget. Total revenues increased by \$17,683 and total expenditures increased by \$39,675 from the original budget to the final budget.

General Fund revenues exceeded final amended budgeted revenues by \$15,019. General Fund expenses were below final amended budgeted expenses by \$21,170.

CAPITAL ASSETS

Capital assets. West Carroll Parish Library's investment in capital assets for its governmental activities as of December 31, 2005 amounts to \$102,294 (net of accumulated depreciation). This investment includes improvements, furniture and equipment, and construction.

**WEST CARROLL PARISH LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2005**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The West Carroll Parish Library does not anticipate any significant changes in its 2006 operations as compared to 2005's operations. Selected budget information for 2006 is summarized as follows:

- The fiscal year 2006 budget is forecast to provide \$216,500 in estimated revenues to fund costs of \$216,275.
- The budget includes a decreased cost for personnel expenses and retirement expenses for employees, due to changes in the Library's operations that reduced the number of full-time employees. Reductions in materials expenses were the result of concerns about the possible loss of non-parish funds due to hurricanes Katrina and Rita.
- The budget includes an increase in utilities, due to an increase in the space used for the Library.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the West Carroll Parish Library's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Clay Robertson, Director, P.O. Box 703, Oak Grove, Louisiana 71263.



Hulsey, Harwood & Co.
A Professional Accounting Corporation

Certified Public Accountants

Independent Auditors' Report

West Carroll Parish Library
Oak Grove, Louisiana

We have audited the accompanying financial statements of the governmental activities and the General Fund of West Carroll Parish Library, as of and for the year ended December 31, 2005, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of West Carroll Parish Library's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 the 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the West Carroll Parish Library, as of December 31, 2005, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated June 20, 2006, on our consideration of the West Carroll Parish Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

West Carroll Parish Library
Oak Grove, Louisiana
Independent Auditors' Report,
December 31, 2005

The management's discussion and analysis and budgetary comparison information on pages 1 through 6 and 22, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

HULSEY, HARWOOD & CO., CPAs
A Professional Accounting Corporation

Hulsey, Harwood & Co.

June 20, 2006

Basic Financial Statements

**WEST CARROLL PARISH LIBRARY
OAK GROVE, LOUISIANA**

**GOVERNMENTAL FUNDS BALANCE SHEET AND STATEMENT OF NET ASSETS
AS OF DECEMBER 31, 2005**

	GENERAL FUND	ADJUSTMENTS	STATEMENT OF NET ASSETS
ASSETS			
Cash and cash equivalents	\$ 10,016		\$ 10,016
Investments	72,145		72,145
Receivables, net of allowances for uncollectibles	183,459		183,459
Capital assets, net of accumulated depreciation	-	102,294	102,294
TOTAL ASSETS	<u>\$ 265,620</u>	<u>\$ 102,294</u>	<u>\$ 367,914</u>
LIABILITIES			
Accounts, salaries, and other payables	\$ 14,268		\$ 14,268
Deferred revenues	20,118	(20,118)	-
TOTAL LIABILITIES	<u>34,386</u>	<u>(20,118)</u>	<u>14,268</u>
FUND BALANCE/NET ASSETS			
Fund balance - unreserved, reported in General Fund	231,234	(231,234)	-
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 265,620</u>		
NET ASSETS			
Invested in capital assets, net of related debt		102,294	102,294
Net assets, unrestricted		251,352	251,352
TOTAL NET ASSETS		<u>\$ 353,646</u>	<u>\$ 353,646</u>

See accompanying notes to basic financial statements.

**WEST CARROLL PARISH LIBRARY
OAK GROVE, LOUISIANA**

**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES AND STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	GENERAL FUND ADJUSTMENTS		STATEMENT OF ACTIVITIES
EXPENDITURES/EXPENSES			
General government - culture and recreation			
Personal services	\$ 118,200		\$ 118,200
Operating services	68,103	\$ 83,021	151,124
Materials and supplies	4,273		4,273
Travel and other	845		845
Capital outlay	30,852	(30,852)	-
Intergovernmental	6,727		6,727
Total expenditures/expenses	<u>229,000</u>	<u>52,169</u>	<u>281,169</u>
PROGRAM REVENUES			
Charges for services	7,218		7,218
Operating grants and contributions	16,769		16,769
Total program revenues	<u>23,987</u>	<u>-</u>	<u>23,987</u>
Net program expense	<u>205,013</u>	<u>52,169</u>	<u>257,182</u>
GENERAL REVENUES			
Ad valorem taxes	194,855	(4,602)	190,253
Federal grants	39		39
State grants	18,860	(139)	18,721
Fines and forfeitures	942		942
Investment earnings	3,523		3,523
Other revenues	1,996		1,996
Total general revenues	<u>220,215</u>	<u>(4,741)</u>	<u>215,474</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	15,202	(15,202)	-
CHANGE IN NET ASSETS		(41,708)	(41,708)
FUND BALANCE/NET ASSETS			
Beginning of year, restated	<u>216,032</u>		<u>395,354</u>
End of year	<u>\$ 231,234</u>		<u>\$ 353,646</u>

See accompanying notes to basic financial statements.

**WEST CARROLL PARISH LIBRARY
OAK GROVE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2005**

Introduction

The West Carroll Parish Library was established by the West Carroll Parish Police Jury, under the provisions of Louisiana Revised Statute 25:211. The library provides citizens of the parish access to library materials, books, magazines, records, and films. The library is governed by a board of control which is appointed by the parish police jury in accordance with the provisions of Louisiana Revised Statute 25:214. The members of the board of control serve without compensation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying basic financial statements of the West Carroll Parish Library have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, Basic Financial Statements-and Management's Discussion and Analysis—for State and Local Governments, issued in June 1999. The Library implemented the standard for the year ended December 31, 2003.

Reporting entity

As the governing authority of the parish, for reporting purposes, the West Carroll Parish Police Jury is the financial reporting entity for West Carroll Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 establishes criteria for determining which component units should be considered part of the West Carroll Parish Police Jury for financial reporting purposes. The basic criteria for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

**WEST CARROLL PARISH LIBRARY
OAK GROVE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2005**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting entity (Continued)

1. Appointing a voting majority of an organization's governing body, and;
 - a. The ability of the police jury to impose its will on that organization and/or;
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury appoints the library board of control and the library provides services to all residents of West Carroll Parish, the West Carroll Parish Library was determined to be a component unit of the West Carroll Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the library and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

Funds

The Library uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Library functions or activities. A fund is a separate fiscal and accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures.

The General Fund, accounts for all of the Library's general activities. Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the library.

Measurement focus and basis of accounting

Fund Financial Statements (FFS)

The amounts reflected in the General Fund column of the financial statements are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the Library's operations.

**WEST CARROLL PARISH LIBRARY
OAK GROVE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2005**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement focus and basis of accounting (Continued)

Fund Financial Statements (FFS) (Continued)

The amounts reflected in the General Fund column of the financial statements use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Library considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes and the related state revenue sharing are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, attach as an enforceable lien, and become due and payable on the date the tax rolls are filed with the recorder of mortgages.

Louisiana Revised Statute 47:1993 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December of the current year and January and February of the ensuing year.

Fees, fines, and forfeitures are recorded when the library is entitled to the funds. Interest income on time deposits is recorded when the time deposits have matured. Interest income on demand deposits is recorded monthly when the interest is earned and credited to the account.

Based on the above criteria, ad valorem taxes and state revenue sharing have been treated as susceptible to accrual.

Expenditures

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

**WEST CARROLL PARISH LIBRARY
OAK GROVE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2005**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement focus and basis of accounting (Continued)

Government-Wide Financial Statements (GWFS)

The financial statement column labeled Statement of Net Assets and the column labeled Statement of Activities display information about the Library as a whole. These statements include all the financial activities of the Library. Information contained in these columns reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.

Program Revenues - Program revenues included in the column labeled Statement of Activities are derived directly from the Library's users as a fee for services. Program revenues reduce the cost of the function to be financed from the Library's general revenues.

Reconciliation

The reconciliation of the items reflected in the funds columns to the Statement of Activities and Statement of Net Assets are as follows:

Net change in fund balance	\$ 15,202
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$83,021) exceeded capital outlays (\$30,852) in the current period.	(52,169)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	<u>(4,741)</u>
Change in net assets of governmental activities	<u>\$ (41,708)</u>

**WEST CARROLL PARISH LIBRARY
OAK GROVE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2005**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement focus and basis of accounting (Continued)

Reconciliation (Continued)

Fund balance	\$ 231,234
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources	102,294
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	<u>20,118</u>
Net assets of governmental activities	<u>\$ 353,646</u>

Capital assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Library maintains a threshold level of \$1,000 or more for capitalizing capital assets. Capital assets are recorded in the GWFS, but are not reported in the FFS. Since surplus assets are sold for an immaterial amount when declared as no longer needed for their intended purposes by the Library, no salvage value is taken into consideration for depreciation purposes. All capital assets are depreciated using the straight-line method over the following useful lives:

Approximately 95 per cent of fixed assets are valued at actual historical costs while the remaining 5 per cent are based on estimated historical costs based on the actual costs of like items.

Cash and cash equivalents and investments

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, 2005, the library has cash and cash equivalents (demand deposits) totaling \$10,016.

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash and cash equivalents (bank balances) at December 31, 2005 total \$79,397 and are secured as by FDIC.

**WEST CARROLL PARISH LIBRARY
OAK GROVE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2005**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents and investments (Continued)

The West Carroll Parish Library considers all investments with an original maturity of ninety days or less to be cash equivalents. Those investments with an original maturity greater than ninety days are reported as investments in the financial statements.

Included in the bank balances above are certificates of deposit totaling \$72,145. These certificates of deposit are reported as investments in the accompanying financial statements.

Vacation and sick leave

Employees receive from five to twenty days of vacation leave each year, depending on length of service and professional status. Vacation leave is not cumulative. Sick leave is earned at the rate of one day per month, with a maximum accumulation of eighteen days. Upon retirement, accumulated sick leave is considered earned service for purposes of calculating employees' retirement benefits. At December 31, 2005 there are no material accumulated and vested benefits relating to vacation and sick leave that require accrual or disclosure.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - FUND BALANCE RESTATED

Beginning fund balances were restated as follows to reflect revenue not available at December 31, 2004:

Prior fund balance	\$ 240,891
Adjustment	<u>(24,859)</u>
Restated fund balance	<u>\$ 216,032</u>

NOTE 3 - RISK MANAGEMENT

The library is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; and injuries to employees. To handle such risk of loss, the library maintains a commercial insurance policy covering property, general liability, employee fidelity, and workmen's compensation.

No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended December 31, 2005.

**WEST CARROLL PARISH LIBRARY
OAK GROVE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2005**

NOTE 4 - LEVIED TAXES

The ad valorem tax millage levied by the library was 4.54 for the year ended December 31, 2005. The authorized millage for the year ended December 31, 2005 was 4.25. The current tax expires in 2007. The difference between authorized and levied millages is the result of reassessments of taxable property within the parish as required by Article 7, Section 18 of the Louisiana Constitution of 1974. The following are the principal taxpayers for the parish and their 2005 assessed valuation:

	2005 Assessed Valuation	Percent of Total Assessed Valuation
Trunkline Gas Company	\$ 15,624	27.39%
Entergy Louisiana, Inc.	1,649	2.90%
Centennial Pipeline, LLC	1,545	2.71%
Southern Natural Gas	1,091	1.91%
BellSouth Telecommunication	1,080	1.89%
Regions Bank	963	1.69%
ANR Pipeline Company	908	1.59%
Northeast Louisiana Power	875	1.53%
Louisiana Machinery Co., Inc.	829	1.45%
Ruffin Building Systems, Inc.	812	1.42%
Total	<u>\$ 25,376</u>	<u>44.48%</u>

NOTE 5 - RECEIVABLES

The receivables of \$183,459 at December 31, 2005 consist of ad valorem tax of \$171,670 and state revenue sharing of \$11,789.

**WEST CARROLL PARISH LIBRARY
OAK GROVE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2005**

NOTE 6 - CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2005 follows:

	Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
Capital assets being depreciated:					
Vehicles	\$ 64,319	\$ -	\$ -	\$ -	\$ 64,319
Furniture and equipment	84,543	1,679	-	(39,158)	47,064
Building improvements	43,082	-	-	-	43,082
Library materials	366,490	29,173	(23,060)	16,479	389,082
Total capital assets being depreciated	<u>558,434</u>	<u>30,852</u>	<u>(23,060)</u>	<u>(22,679)</u>	<u>543,547</u>
Less accumulated depreciation:					
Vehicles	(64,319)	-	-	-	(64,319)
Furniture and equipment	(39,882)	(2,332)	-	-	(42,214)
Building improvements	(2,872)	(2,872)	-	-	(5,744)
Library materials	(274,219)	(77,817)	23,060	-	(328,976)
Total accumulated depreciation	<u>(381,292)</u>	<u>(83,021)</u>	<u>23,060</u>	<u>-</u>	<u>(441,253)</u>
Net capital assets	<u>\$ 177,142</u>	<u>\$ (52,169)</u>	<u>\$ -</u>	<u>\$ (22,679)</u>	<u>\$ 102,294</u>

An adjustment was made to reconcile reported assets to the detailed schedules.

NOTE 7 - PENSION PLAN

Substantially all employees of the West Carroll Parish Library are members of the Parochial Employees Retirement System of Louisiana (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the library are members of Plan A.

All permanent employees working at least twenty-eight hours per -week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 per cent of their final average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only before January 1, 1980, the benefit is equal to one per cent of final average salary plus \$24 for each year of supplemental-plan-only service earned before January 1, 1980, plus 3 per cent of final-average salary for each salary for each year of service credited after the revision date.

Final average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefits accrued to their date of termination. The system also provides death and disability benefits. Benefits are established or amended by state statute.

**WEST CARROLL PARISH LIBRARY
OAK GROVE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2005**

NOTE 7 - PENSION PLAN (Continued)

The System issues an annual publicly available report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System of Louisiana, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (504) 928-1361.

Under Plan A, members are required by state statute to contribute 9.50 per cent of their annual covered salary and the West Carroll Parish Library is required to contribute at an actuarially determined rate. The current rate is 12.75 per cent of annual covered payroll. Contributions to the system also include one-fourth of one per cent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the West Carroll Parish Library are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The West Carroll Parish Library's contributions to the System under Plan A for the years ending December 31, 2005, 2004 and 2003, were \$6,965, 4,794 and \$4,747, respectively, equal to the required contributions for each year.

NOTE 8 - DESIGNATED FUND BALANCE

The West Carroll Parish Library Board of Control has designated \$60,000 of the unreserved fund balance for future building expansion and renovations.

NOTE 9 - LITIGATION AND CLAIMS

At December 31, 2005, the West Carroll Parish Library is not involved in any litigation, nor is it aware of any unasserted claims.

Required Supplemental Information (Part II)

**WEST CARROLL PARISH LIBRARY
OAK GROVE, LOUISIANA**

**GENERAL FUND BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2005**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
REVENUES				
Ad valorem taxes	\$ 163,000	\$ 174,211	\$ 194,855	\$ 20,644
Federal grants	-	-	39	39
State grants	18,000	18,860	18,860	-
Operating grants and contributions	15,500	16,769	16,769	-
Fines and forfeitures	1,000	-	942	942
Charges for services	7,000	13,921	7,218	(6,703)
Investment earnings	5,000	3,426	3,523	97
Other revenues	2,000	1,996	1,996	-
Total revenues	<u>211,500</u>	<u>229,183</u>	<u>244,202</u>	<u>15,019</u>
EXPENDITURES				
Current - culture and recreation				
Personal services	107,300	114,617	118,200	(3,583)
Operating services	65,195	92,597	68,103	24,494
Materials and supplies	8,000	3,624	4,273	(649)
Travel and other	-	-	845	(845)
Debt service	-	-	-	-
Capital outlay	30,000	39,332	30,852	8,480
Intergovernmental	-	-	6,727	(6,727)
Total expenditures	<u>210,495</u>	<u>250,170</u>	<u>229,000</u>	<u>21,170</u>
Excess (deficiency) of revenues over expenditures	1,005	(20,987)	15,202	36,189
Fund balance - beginning (restated)	-	19,795	216,032	196,237
Fund balance - ending	<u>\$ 1,005</u>	<u>\$ (1,192)</u>	<u>\$ 231,234</u>	<u>\$ 232,426</u>

Other Reports



Hulsey, Harwood & Co.

A Professional Accounting Corporation

Certified Public Accountants

Report on Internal Control over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

West Carroll Parish Library
Oak Grove, Louisiana

We have audited the accompanying financial statements of the governmental activities and the General Fund of West Carroll Parish Library, as of and for the year ended December 31, 2005, which collectively comprise the Library's basic financial statements as listed in the table of contents and have issued our report thereon dated June 20, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered West Carroll Parish Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion 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 West Carroll Parish Library's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 2005-1.

A material weakness is a reportable 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 caused by error or fraud 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. 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 that none of the reportable conditions described above is a material weakness.

West Carroll Parish Library
Oak Grove, Louisiana
Independent Auditors' Report on Internal Control
Over Financial Reporting and on Compliance, etc.
December 31, 2005

Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Carroll Parish Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain additional matters that we reported to management of West Carroll Parish Library, in a separate letter dated June 20, 2006.

This report is intended solely for the information and use of the members of the West Carroll Parish Library, management, federal awarding agencies, pass-through entities and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, it is issued by the Legislative Auditor as a public document.

HULSEY, HARWOOD & CO., CPAs
A Professional Accounting Corporation



June 20, 2006

**WEST CARROLL PARISH LIBRARY
OAK GROVE, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2005**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the basic financial statements of the West Carroll Parish Library.
2. One reportable condition relating to the audit of the financial statements is reported in the Independent Auditor's Report on Compliance and Internal Control Over Financial Reporting.
3. No instances of noncompliance material to the financial statements of the West Carroll Parish Library were disclosed during the audit.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

2005-1 Segregation of Duties

Condition/Criteria/Effect

During 2005, the Director performed the following functions:

- Opened mail
- Prepared deposits
- Prepared checks
- Posted checks
- Prepared payroll checks
- Reconciled the bank accounts

Lack of proper segregation of duties increases the risk that assets could be misappropriated and be undetected.

Cause

It is not economically feasible for the Library to hire additional personnel to affect the appropriate segregation of duties.

Recommendation

We recommend that the Board consider assigning the task of reconciling the bank statements to the general ledger to the external bookkeeper. The bookkeeper should receive the bank statements unopened and should review all items for any unusual characteristics.



Hulsey, Harwood & Co.
A Professional Accounting Corporation

Certified Public Accountants

Management Letter

West Carroll Parish Library
Oak Grove, Louisiana

In planning and performing our audit of the financial statements of the governmental activities and the General Fund of West Carroll Parish Library, as of and for the year ended December 31, 2005, which collectively comprise the Library's basic financial statements as listed in the table of contents, we considered the Library's internal control in order to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

However, during our audit, we noted a certain matter involving operational matters that is presented for your consideration. This letter does not affect our report dated June 20, 2006, on the basic financial statements of the Library. We will review the status of this comment during our next audit engagement. Our comments and recommendations which have been discussed with appropriate members of management, is intended to result in improved operating efficiency. We will be pleased to discuss this comment in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendations.

ML 2005-1 CASH RECEIPTS

Comment

During our test of revenues and receipts we noted the following:

- Bank deposits are made monthly.
- Cash register tapes are not maintained.

Recommendation

Typical internal controls include depositing funds in tact daily and retaining documentation for all deposits. We recommend that the Director balance the cash register daily, document the count and reconciliation on forms developed for that purpose and deposit funds at least weekly.

Management's Response

We will implement the auditors' recommendations.

West Carroll Parish Library
Management Letter
December 31, 2005

Our audit procedures are designed primarily to enable us to form opinions on the basic financial statements, and therefore, may not reveal all weaknesses in policies and procedures that may exist.

This report is intended solely for the information and use of the members of the West Carroll Parish Library, management, federal awarding agencies, pass-through entities and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, it is issued by the Legislative Auditor as a public document.

HULSEY, HARWOOD & CO., CPAs
A Professional Accounting Corporation

Hulsey, Harwood & Co.

June 20, 2006

**WEST CARROLL PARISH LIBRARY
OAK GROVE, LOUISIANA**

**STATUS OF PRIOR AUDIT FINDINGS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2005**

The prior year report did not include any findings or management letter comments.