

WEST CARROLL PARISH LIBRARY
 Oak Grove, Louisiana
 Notes to the Financial Statements (Continued)

3. RECEIVABLES

The General Fund receivables of \$100,508 at December 31, 1996, are as follows:

Taxes - ad valorem	\$80,576
Intergovernmental revenue - state grants - state revenue sharing (net)	<u>19,932</u>
Total	<u>\$100,508</u>

4. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets for the two years ended December 31, 1996, follows:

	Balance at January 1,	Additions	Deletions	Balance at December 31,
1995:				
Vehicles	\$38,665			\$38,665
Furniture and equipment	28,178			28,178
Library materials	<u>271,481</u>	<u>\$13,631</u>		<u>285,112</u>
Total	<u>\$638,324</u>	<u>\$13,631</u>	<u>\$0,000</u>	<u>\$651,955</u>
1996:				
Vehicles	\$38,665			\$38,665
Furniture and equipment	28,178	\$28		28,206
Library materials	<u>287,632</u>	<u>13,585</u>		<u>401,217</u>
Total	<u>\$453,875</u>	<u>\$13,585</u>	<u>\$0,000</u>	<u>\$467,471</u>

5. PENSION PLAN

Substantially all employees of the West Carroll Parish Library are members of the Parishwide 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.

WEST CARROLL PARISH LIBRARY
Link Grove, Louisiana
Notes to the Financial Statements (Continued)

G. VACATION AND SICK LEAVE

Employees receive from ten 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. Sick leave must be taken for payment to be made and lapses at termination of employment. At December 31, 1996, there are no accumulated and vested benefits relating to vacation and sick leave that require accrual or disclosure.

II. TOTAL COLUMN ON THE BALANCE SHEET

The total column on the balance sheet is captioned Memorandum Only to indicate that it is presented only to facilitate financial analysis (overview). Data in this column does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

2. LEVIED TAXES

The ad valorem tax millage levied by the library was 3.07 and 3.13 mills for the year ended December 31, 1995 and 1996, respectively. The authorized millage for each of the two years was 2.99 mills. The tax expires in 1997. 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 1996 assessed valuations:

	Assessed Valuation	
	1996	Percent of Total
Franklin Gas Company	\$11,516,080	26.43%
Energy Louisiana, Inc.	1,293,120	3.66%
West Carroll National Bank	1,493,540	3.35%
BellSouth Telecommunications	1,254,120	2.88%
A N R Pipeline Company	1,214,250	2.79%
Southern Natural Gas Company	867,660	1.99%
Northwest Louisiana Power Cooperative	697,060	1.60%
Kiffin Building Systems, Incorporated	683,150	1.57%
Wal-Mart Stores, Incorporated	380,770	0.87%
Texas Eastern Transmission Corp.	328,500	0.75%
Total	<u>\$49,996,750</u>	<u>45.98%</u>

WEST CARROLL PARISH LIBRARY

Oak Grove, Louisiana

Notes to the Financial Statements (Continued)

F. CASH AND CASH EQUIVALENTS

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 nation, 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, 1996, the library has cash and cash equivalents totaling \$206,234, as follows:

Demand deposits	\$12,725
Posty cash	380
Time deposits	<u>193,129</u>
Total	<u>\$206,234</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash and cash equivalents (bank balances) at December 31, 1996, are secured as follows:

Bank balances	<u>\$112,413</u>
Federal deposit insurance	\$182,200
Pledged securities (uncollateralized)	<u>108,573</u>
Total	<u>\$283,186</u>

Because the pledged securities are held by a custodial bank in the name of the fiscal agent bank rather than in the name of the library, they are considered uncollateralized (Category 3) under the provisions of GASB Codification C20, 106. However, Louisiana Revised Statute 39:1219 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 bank has failed to pay deposited funds upon demand. Further, LRS 39:1224 states that securities held by a third party shall be deemed to be held in the library's name.

WEST CARROLL PARISH LIBRARY

Oak Grove, Louisiana

Notes to the Financial Statements (Continued)

Revised Statute 47:1593 requires that the tax roll be filed on or before November 15 of each year. All 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 and the interest is available. Interest income on demand deposits is recorded monthly when the interest is earned and credited to the account.

Based on the above criteria, all 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.

K. BUDGET PRACTICES

The proposed budget for the General Fund, prepared on the modified accrual basis of accounting by the administrative librarian, is presented to the board of control during the October meeting each year. A budget hearing is held at least fifteen days prior to the beginning of each fiscal year for public participation. The budget is then legally adopted by the board of control and amended during the year, as necessary. The budget is established and controlled by the administrative librarian within the limits of the adopted and amended budget. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. All changes in the budget must be approved by the board of control.

Fundary budgetary integration is employed as a management control device during the year. Budgeted amounts included in the accompanying financial statement for 1995 include the original adopted budget amounts and all subsequent amendments.

The library board did not adopt a budget for the year ended December 31, 1996, for the General Fund. Consequently, a budget comparison statement, as required by state law and generally accepted accounting principles, is not presented for that year.

WEST CARROLL PARISH LIBRARY

Oak Grove, Louisiana

Notes to the Financial Statements (Continued)

sharing, fees, fines and forfeitures, and interest earnings. General operating expenditures are paid from this fund.

**C. GENERAL FIXED ASSETS
AND LONG-TERM DEBT**

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in the General Fund. 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. No depreciation has been provided on general fixed assets. The library has no long-term debt as of December 31, 1996.

D. BASIS OF ACCOUNTING

The financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for reporting all governmental fund types. 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 be used to pay liabilities of the current period. The library uses the following practices in recognizing and reporting revenues and expenditures:

Revenues

Ad valorem taxes and the related state revenue sharing (which is based on population and income) in the parish) 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.

WEST CARROLL PARISH LIBRARY

Oak Grove, Louisiana

Notes to the Financial Statements (Continued)

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.

B. FUND ACCOUNTING

The library uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities (general fixed assets and general long-term debt) that are not recorded in the "hands" because they do not directly affect net expendable available financial resources. They are concerned only with the measurement of financial position, not with the measurement of results of operations.

Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types". Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others. The library's current operations require only the use of governmental funds (General Fund). Revenues of the General Fund include ad valorem taxes, state revenue

WEST CARROLL PARISH LIBRARY
Oak Grove, Louisiana

Notes to the Financial Statements
As of and for the Two Years Ended December 31, 1986

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

A. 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:

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.

WEST CARROLL PARISH LIBRARY
Oak Grove, Louisiana
GOVERNMENTAL FUND TYPE - GENERAL FUND

Combined Statement of Revenues, Expenditures,
and Changes in Fund Balance - Budget
(GAAP) Basis and Actual
For the Year Ended December 31, 1995

	BUDGET	ACTUAL	VARIANCE: FAVORABLE RESPONSIBLE
REVENUES			
Taxes - all values	587,000	585,934	(51,066)
Intergovernmental revenues - state grant - state revenue sharing (rat)	16,000	17,000	1,000
Fees, charges, and commissions for services	3,500	5,168	1,668
Fines and forfeitures	1,200	1,575	375
Use of money and property - interest earnings	3,500	11,866	8,366
Other revenues	1,000	1,941	841
Total revenues	<u>172,200</u>	<u>175,287</u>	<u>10,987</u>
EXPENDITURES			
Current and noncurrent:			
Current:			
Personal services and related benefits	76,976	71,336	5,640
Operating services	32,660	30,837	1,723
Materials and supplies	6,500	5,089	1,311
Travel and other charges	1,000	464	536
Intergovernmental	4,100	128	3,972
Capital outlay	<u>17,200</u>	<u>13,631</u>	<u>3,569</u>
Total expenditures	<u>128,176</u>	<u>114,967</u>	<u>13,209</u>
EXCESS (deficiency) OF REVENUES OVER EXPENDITURES	(13,776)	11,725	27,600
FUND BALANCE AT BEGINNING OF YEAR	<u>20,000</u>	<u>207,635</u>	<u>207,635</u>
FUND BALANCE AT END OF YEAR	<u>54,124</u>	<u>\$259,360</u>	<u>\$255,236</u>

The accompanying notes are an integral part of this statement.



**Independent Auditor's Report on Compliance
With Laws, Regulations, Contracts, and Grants**

**BOARD OF CONTROL
WEST CARROLL PARISH LIBRARY
Oak Grove, Louisiana**

I was engaged to audit the general purpose financial statements of the West Carroll Parish Library as of December 31, 1996, and for each of the years in the two year period then ended, and have issued my disclaimer of opinion thereon dated February 18, 1997. Further, I was engaged to conduct my audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the Louisiana Governmental Audit Guide, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor. These standards and the audit guide require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

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

Material instances of noncompliance consist of failures to follow requirements, or violations of prohibitions, contained in statutes, regulations, or contracts that cause me to conclude that the aggregation of the misstatements resulting from these failures or violations is material to the general purpose financial statements. The results of my tests of compliance disclosed the following instances of noncompliance.

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WEST CARROLL PARISH LIBRARY

Oak Grove, Louisiana

Independent Auditor's Report

on Compliance, etc.

December 31, 1996

Need to Comply with Local Government Budget Act

Findings: The library board of control did not comply with budgetary requirements. Louisiana Revised Statute (LRS) 39:1301-1314 requires that the board adopt an annual budget for the General Fund and comply with certain other requirements. For the year ended December 31, 1996, the board did not adopt a budget. I located a proposed budget for 1996 in the records, however, there was no indication in the board's minutes that the budget was ever adopted. Discussions with an agency official disclosed that the former librarian was instructed to make modifications to the proposed budget and present it to the board, however, this was never done. Without adopting annual budgets the board has no formal means by which to control financial operations of the library.

Recommendation: The board should adopt an annual budget for the General Fund and comply with the other related requirements of LRS 39:1301-1314.

Management's response: The library board has assured me that in the future the General Fund budget will be adopted. The board has also assured me that the budget will be closely monitored and amended as required by state law.

Need to Record and Publish Minutes of Board Meeting

Findings: The library did not record and publish minutes of meetings. LRS 42:7 requires that all public bodies keep written minutes of all open meetings. Further, LRS 43:171 requires that the proceedings of board meetings be published in a newspaper located in the parish. For the two year ended December 31, 1996, the library was unable to locate minutes of all board meetings and minutes of the meetings were not published. By not keeping written minutes of all board meetings and publishing the minutes of board meetings, no permanent record of board meetings was established and the public was not informed of the activities of the board.

Recommendation: The library board should record minutes for all board meeting and these minutes should be published in the official journal of the parish as prescribed by law.

Management's response: The library board has assured me that in the future minutes of all board minutes will be maintained. In addition, the library board has contacted the newspaper to begin publishing the minutes starting with the meeting held in January 1997.

WEST CARROLL PARISH LIBRARY

Oak Grove, Louisiana

Independent Auditor's Report

on Compliance, etc.

December 31, 1996

Need to Seek Return of Library Property

Finding: The former librarian removed property of the library and has not returned it. An accounting software program purchased by the library could not be located after termination of the former librarian. In spite of repeated requests by the library board, the former librarian has refused to return the program. LRS 42:1461(A) provides, in part, that officials and employees of a governmental entity, by accepting the position, assume a personal obligation not to misappropriate property of the governmental entity. Further, LRS 14:67 provides that "Theft" is the misappropriation of anything of value which belongs to another. It is my understanding that the library board was unaware that the program had been taken from the library premises.

Recommendation: I recommend that library board consult with the District Attorney to determine what action, if any, should be taken.

Management's response: The library board will contact the District Attorney regarding this matter to determine what action should be taken.

Need to File Quarterly Tax Reports in a Timely Manner

Finding: During the course of the audit it was noted that the former librarian did not file IRS Form 941 (report of payroll taxes) for the second and third quarters of 1995 and the first quarter of 1996, as required by federal law. The former librarian did not perform duties for which she was paid and consequently, the library has incurred penalties and interest on the overdue returns.

Recommendation: I recommend that the board file the necessary returns as soon as possible to avoid additional penalties and interest. Further, an official of the library should ensure that all future returns are filed as required by federal law.

Management's response: Currently, the library has hired a certified public accountant to do the monthly financial work. The accountant is in the process of preparing the 941's for the delinquent quarters. Further, the library board has assured me that in the future these returns will be filed as required by federal law.

WEST CARROLL PARISH LIBRARY

Oak Grove, Louisiana

Independent Auditor's Report

on Compliance, etc.

December 31, 1996

Payment to Employee Appears

To be in Violation of State Law

Findings: The former librarian received compensation in the amount of \$2,000 for 1995 and \$1,000 (six months) for 1996 for the maintenance of the library's financial records. Discussions with the board and my test of the agency's records disclosed that the former librarian did not maintain the required financial records or perform other procedures connected to the maintenance of such records. LRS 14:138 provides, in part, that public payroll funds is constituted when a person shall knowingly receive payments or compensation for services not actually rendered by the employee. Further, because the former librarian did not perform duties for which she was paid, the library has incurred additional costs for the construction of financial records for the period from January 1, 1995 through June 30, 1996.

Recommendation: The library board should consult with the district attorney to determine if the above payments do in fact violate LRS 14:138 and what appropriate legal action should be taken.

Management's response: The library board will contact the District Attorney regarding this matter to determine what action should be taken.

I considered these instances of noncompliance in forming my opinion on whether the library's general purpose financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect my report dated February 10, 1997, on these general purpose financial statements.

This report is intended for the information of the members of the West Carroll Parish Library Board of Control, management of the Library, and interested state and federal agencies. This is not intended to limit the distribution of this report, which is a matter of public record.



West Monroe, Louisiana

February 10, 1997



**Independent Auditor's Report
on the Internal Control Structure**

**BOARD OF CONTROL,
WEST CARROLL PARISH LIBRARY
Oak Grove, Louisiana**

I was engaged to audit the general purpose financial statements of the West Carroll Parish Library as of December 31, 1996, and for each of the years in the two year period thereafter, and have issued my disclaimer of opinion thereon dated February 16, 1997. Further, I was engaged to conduct my audit in accordance with generally accepted auditing standards; *Governor Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Government Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor. These standards and the audit guide require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The management of the West Carroll Parish Library is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

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WEST CARROLL PARISH LIBRARY

Old Drive, Louisiana

**Independent Auditor's Report
on Internal Control Structure,
December 31, 1986**

In planning and performing my audit of the general purpose financial statements of the West Carroll Parish Library for the two years ended December 31, 1986, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgement, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

**Payments For Accumulated Leave
Not Adequately Supported**

Finding: Payments for accumulated leave are not adequately supported. Proper internal control dictates that evidence be present to support management's assertion that leave payments be for accrued leave actually earned. During June of 1986 the former librarian paid herself \$1,200 for accumulated leave which was not supported by leave records. Lack of supporting documentation precludes the library from providing evidence of an authorized expenditure.

Recommendation: I recommend that all future payments for accumulated leave be supported by the employee's leave records and time sheets. In addition, I also recommend the library board make every effort to determine if the former librarian was entitled to the leave and, if not, contact the District Attorney to determine what action, if any, should be taken.

Management's Response: The library board stated that in the future no employee will be compensated for accumulated leave without proper support. In addition, the library board is currently trying to determine if the former librarian was in fact entitled to the compensation for accumulated leave.

WEST CARROLL PARISH LIBRARY

Dak Gross, Louisiana
Independent Auditor's Report
on Internal Control Structure,
December 31, 1996

Need to Improve Time and Attendance Records

Findings: Payroll expenditures and payments for leave are not adequately supported. Proper internal control dictates that evidence be present to support management's assertion that payroll expenditures are for work performed or leave earned. My test of payroll expenditures disclosed that (a) signatures of supervisors is not required on time sheets, and (b) leave slips are not being turned in for vacation and sick leave. Lack of signed and approved time sheets and documentation of leave earned and taken precludes the library from providing such evidence.

Recommendation: I recommend the library board adopt formal policies with regard to time and attendance records. The formal policy should require:

- Time sheets for all employees, which are signed by both the employee and his or her supervisor;
- Formal records for leave earned and taken, including balances brought forward and;
- Leave slips for all leave taken, which are signed by both the employee and supervisor.

Management's Response: The library board is presently reviewing policies of the office for revision including time sheet maintenance. The board stated that they will adopt a policy of documentation and authorization of time worked and leave taken for all employees.

Checks For Payment of Expenditures Should Require Two Signatures

Findings: The use of dual signatures on disbursement checks is not properly utilized. Discussions with library officials during the audit disclosed that the former president of the board signed disbursement checks in advance rather than after the check was filled out and accompanied by supporting documentation. The purpose of a requirement of dual signatures is to require collusion on the part of at least two individuals before an improper expenditure can be made. By signing checks in advance, the most important internal control feature possible is defeated and, consequently, misappropriation of funds becomes a serious possibility.

Recommendation: Under no circumstances should the president sign blank checks in advance. If the possibility exist that the president will not be available to sign checks, a second board member should be given the authority and responsibility for check signing when the president is not available.

WEST CARROLL PARISH LIBRARY

Old Grove, Louisiana
Independent Auditor's Report
on Internal Control Structure,
November 30, 1996

Management's Response: The library board has assured me that in the future blank checks will not be signed in advance and a second board member will be given the authority to sign checks.

Need to Perform Physical Inventory of Fixed Assets

Finding: The library has not maintained a complete listing of general fixed assets. My tests of general fixed assets disclosed that numbered identification tags are not affixed on all assets and not all assets owned by the library are on the list. Agency officials were not aware of any physical inventory being performed since the original fixed asset listing was established. Proper internal control procedures dictate that physical inventories be performed at regular intervals. Lack of the performance of a physical inventory increases the risk of misappropriation of assets and misstatement of the general fixed assets account group in the financial statements.

Recommendation: I recommend that the library conduct a physical inventory immediately and annually in the future. During the immediate inventory, tags should be placed on assets not having any. Further, tags and records be updated as purchases and deletions are made. I also recommend that the library board ensure that their fixed asset records comply with the requirements of LRS 24-515.

Management's Response: The library board stated they would have the librarian perform a physical inventory immediately and all assets would be tagged. In the future, all additions and deletions will be posted to the general fixed asset listing annually.

Need to Require Original Documents for Expenditures

Finding: The former librarian submitted the same invoice for payment twice. Proper internal control dictates that expenditures be supported by an original itemized invoice and be canceled to prevent duplicate payment. Lack of review by another employee and failure to require original documents for reimbursement allowed the invoices to be submitted for duplicate payment. The payment for the same invoice unnecessarily increased the library's expenses for 1995 and 1996.

WEST CARROLL PARISH LIBRARY

C&S Grove, Louisiana

Independent Auditor's Report on Internal Control Structure, December 31, 1986

Recommendation: I recommend that future payments for expenditures be supported by an original invoice or other documentary support and canceled to prevent duplicate payment.

Management's Response: The library board stated that in the future all expenditures will be supported by an original invoice or other original support. In addition, the invoices will be canceled to prevent duplicate payment.

Need to Properly Maintain Petty Cash Fund

Finding:The petty cash fund is not being properly maintained. During my test of expenditures I noted that vendor invoices used to support petty cash reimbursements were not organized in any logical manner and were not canceled to prevent duplicate payment. Further, it was noted that several copies of invoices appeared to be used for disbursements from the petty cash fund. Proper internal control dictates that a voucher system be used for the reimbursement of petty cash funds. The petty cash voucher should be supported by original vendor documents and approved by a department head or other employee independent of the petty cash custodial function.

Recommendation: I recommend that, (1) a voucher system be utilized, (2) vendor documents be attached to vouchers, (3) voucher packages be reviewed by a responsible employee and, (4) voucher packages be canceled after reimbursement has been made.

Management's Response: The library board will revise its petty cash system to include a voucher system. Original vendor documents will be maintained and attached to the voucher to provide support for the expenditures. In addition, all voucher packages will be canceled to prevent duplicate payment.

Maintenance of Accounting Records

Finding: The library has not prepared and maintained adequate records nor were available records properly organized and filed. Proper internal control dictates that such records be retained by the library as documentation on and support for amounts received and expended, compliance with applicable laws, and to provide management with sufficient information to fulfill its fiduciary responsibilities. During my test of the agency's records I was unable to locate several items needed to support amounts in the financial statements. These items included receipt data, pension reports, invoices, IRS forms 941 for quarterly tax reports, checks, and minutes of board meetings.

WEST CARROLL PARISH LIBRARY

Cahoon Grove, Louisiana

Independent Auditor's Report on Internal Control Structure, December 31, 1996

The records were lost or not produced because no formal procedures were in place for the maintenance of accounting records and because the former librarian did not perform duties for which she was paid. Because such records were not prepared and/or retained, the library was unable to provide adequate supporting documentation for 1995 and 1996 transactions and it was necessary for me to disclaim an opinion on the general purpose financial statements for those two years.

Recommendation: I recommend that a formal system for the preparation, control, filing, and retention of accounting records be developed by the board and implemented as soon as practicable. Further, an appointed member of the board should review financial operations on a routine basis to ensure that the system is in place and functioning as intended.

Management's Response: The library board and the current librarian are currently devising a system for preparation, filing, and maintenance of accounting records. In the future the library board will review the system to ensure that it is functioning properly.

Need to Maintain Support for Expenditures

Finding: A material amount of disbursements did not have necessary support. An adequate internal control structure requires that all disbursements be supported by an original invoice or other original documentation. My initial test of expenditures included 61 disbursements out of a possible 963 disbursements for the two years ended December 31, 1996. Based on the large dollar amount of expenditures lacking support in the initial test, I determined that all expenditures for the two years should be examined to determine the presence of support. The two tests of expenditures disclosed the following deficiencies:

- Blotter out of sixty-one or 33.43% of disbursements examined in the initial test did not have an invoice or other documentary support.
- \$21,043 out of \$234,718 or 9.0% of disbursements, in the second test, in 1995 and 1996 did not have an invoice or other documentary support.
- Seven out of fifty or 14.00% of checks and invoices examined during the initial test disclosed that invoices were being paid after the due date.

WEST CARROLL PARISH LIBRARY
Oak Grove, Louisiana
Independent Auditor's Report
on Internal Control Structure,
December 31, 1986

The lack of support for a material amount of expenditures for the two years, in addition to other deficiencies noted in previous findings, resulted in a disbalance of opinion on the board's 1985-86 financial statements and precludes its' ability to demonstrate the fulfillment of its' fiduciary responsibilities.

Recommendations: Based on the results of my test of expenditures, I recommend that the board establish formal policies that require the following:

- a. That all checks be supported by an original invoice or other original support;
- b. That the finance committee or other individual reviewing disbursements prior to payment ensure that appropriate support is present;
- c. That all invoices be paid in a timely manner to avoid late penalties and interest, and;
- d. That support be filed in an orderly manner to facilitate future review.

Management's Response: In the future, the library board will implement and follow the recommended guidelines in order to ensure proper internal control.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, due to the extent of the deficiencies discussed above, I consider all of the findings noted to be material weaknesses as defined above.

WEST CARROLL PARISH LIBRARY

Dak Grove, Louisiana

Notes to the Financial Statements (Continued)

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 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.

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 Parishal Employees' Retirement System of Louisiana, Post Office Box 14819, Baton Rouge, Louisiana 70808-4819, or by calling (904) 928-1381.

Under Plan A, members are required by state statute to contribute 9.50 per cent of their annual covered salary and the Franklin Parish Library is required to contribute at an actuarially determined rate. The current rate is 8.00 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 11:905, 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, 1996, 1995, and 1994, were \$2,456, \$2,794, and \$4,669, respectively, equal to the required contributions for each year.

6. DESIGNATED FUND BALANCE

The West Carroll Parish Library Board of Control has designated \$100,000 of the unreserved fund balance for future building expansion and renovation, and \$45,000 of the unreserved fund balance for future replacement of the bookmobile. There were no changes in the designated fund balances for the two years ended December 31, 1996.

WEST CARROLL PARISH LIBRARY

Oak Grove, Louisiana

Notes to the Financial Statements (Continued)

7. LITIGATION AND CLAIMS

At December 31, 1998, the West Carroll Parish Library is not involved in any litigation, nor is it aware of any unasserted claims.

**Independent Auditor's Reports on
Compliance with Laws, Regulations, Contracts,
and Grants and Internal Control Structure**

The following independent auditor's reports on compliance with laws and regulations, and internal control structure are presented in compliance with the requirements of Government Auditing Standards, issued by the Comptroller General of the United States, and the Louisiana Government Audit Code, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

WEST CARROLL PARISH LIBRARY

Oak Grove, Louisiana
Independent Auditor's Report
on Internal Control Structure,
December 31, 1996

This report is intended for the information of the members of the West Carroll Parish Library Board of Control, management of the Library, and interested state agencies. This is not intended to limit the distribution of this report, which is a matter of public record.



West Monroe, Louisiana
February 10, 1997

WEST CARROLL PARISH LIBRARY
Oak Grove, Louisiana
GOVERNMENTAL FUND TYPE - GENERAL FUND

Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended December 31, 1996

REVENUES

Taxes - ad valorem	559,066
Intergovernmental revenues - state grant - state income sharing (net)	15,513
Fees, charges, and commissions for services	5,944
Fines and forfeitures	711
Use of money and property - interest earnings	10,690
Other revenues	<u>2,126</u>
Total revenues	<u>123,150</u>

EXPENDITURES

Culture and recreation:	
Current:	
Personal services and related benefits	72,660
Operating services	29,748
Materials and supplies	6,809
Travel and other charges	62
Intergovernmental	274
Capital outlay	<u>13,596</u>
Total expenditures	<u>123,156</u>

EXCESS OF REVENUES OVER EXPENDITURES

994

FUND BALANCE AT BEGINNING OF YEAR

299,160

FUND BALANCE AT END OF YEAR

300,154

The accompanying notes are an integral part of this statement.

WEST CARROLL PARISH LIBRARY
Oak Grove, Louisiana
ALL FUND TYPES AND ACCOUNT GROUPS

Combined Balance Sheet, December 31, 1996

	GOVERNMENTAL FUND TYPE - GENERAL FUND	AUTOMATIC GROUP - GENERAL FUND ASSETS	TOTAL COMBINATION
ASSETS			
Cash and cash equivalents	\$208,234		\$208,234
Receivables	100,918		100,918
Vehicles, furniture, equipment, books, etc.		\$467,471	467,471
TOTAL ASSETS	<u>\$309,152</u>	<u>\$467,471</u>	<u>\$776,623</u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	\$4,940		\$4,940
Payroll deductions payable	1,858		1,858
Total Liabilities	<u>6,798</u>	<u>None</u>	<u>6,798</u>
Fund Equity:			
Investment in general fixed assets		\$467,471	467,471
Fund balances:			
Designated for:			
Building expansion and renovation	100,000		100,000
Bookmobile replacement	45,000		45,000
Unreserved - undesignated	155,354		155,354
Total Fund Balance	<u>300,354</u>	<u>None</u>	<u>300,354</u>
Total Fund Equity	<u>300,354</u>	<u>467,471</u>	<u>767,825</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$309,152</u>	<u>\$467,471</u>	<u>\$776,623</u>

The accompanying notes are an integral part of this statement.

**GENERAL PURPOSE FINANCIAL STATEMENTS
(OVERVIEW)**



Independent Auditor's Report

**BOARD OF CONTROL
WEST CARROLL PARISH LIBRARY
10th Grade, Louisiana**

I was engaged to audit the accompanying general purpose financial statements of the West Carroll Parish Library as of December 31, 1996, and for each of the years in the two year period then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the West Carroll Parish Library's management.

Supporting documentation was not available for \$21,043 or 9 per cent of expenditures included in the accounting records. Therefore, I was not able to satisfy myself about the amounts presented as expenditures on the statements of revenues, expenditures and changes in fund balances or the amounts presented as liabilities on the balance sheet.

Because of the significance of the matters discussed in the preceding paragraph, the scope of my work was not sufficient to enable me to express, and I do not express, an opinion on the financial statements referred to in the first paragraph.

In accordance with Government Auditing Standards, I have also issued reports dated February 10, 1997 on the West Carroll Parish Library's compliance with laws, regulations, contracts, and grants and my consideration of the library's internal control structure.



West Monroe, Louisiana
February 10, 1997

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TOLL FREE 800-543-0888

WEST CARROLL PARISH LIBRARY
Oak Grove, Louisiana

General Purpose Financial Statements
With Independent Auditor's Report
As of and for the Two Years Ended
December 31, 1996

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WEST CARROLL PARISH LIBRARY
Oak Grove, Louisiana

**General Purpose Financial Statements
With Independent Auditor's Report
As of and for the Two Years Ended
December 31, 1996**

Under provisions of state law, this report is a public document. A copy of this report has been submitted to the Auditor, 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 8/26/97

**VERNON R
COON**
MEMBER OF THE BOARD OF ACCOUNTANTS