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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, 1998**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date JUN 07 1999

**VERNON R
COON**

CERTIFIED PUBLIC ACCOUNTANT

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, 1998

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WEST CARROLL PARISH LIBRARY
Oak Grove, Louisiana
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Independent Auditor's Report

BOARD OF CONTROL
WEST CARROLL PARISH LIBRARY
Oak Grove, Louisiana

I have audited the general purpose financial statements of the West Carroll Parish Library as of December 31, 1998, and for the two years 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. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the West Carroll Parish Library as of December 31, 1998, and the results of its operations for the two years then ended in conformity with generally accepted accounting principles.

BOARD OF CONTROL
WEST CARROLL PARISH LIBRARY
Oak Grove, Louisiana
Independent Auditor's Report,
December 31, 1998

In accordance with *Government Auditing Standards*, I have also issued a report dated June 28, 1999, on the West Carroll Parish Library's compliance with laws, regulations, and contracts, and my consideration of the agency's internal control over financial reporting.

A handwritten signature in black ink, appearing to be 'V. ...', written in a cursive style.

West Monroe, Louisiana
June 28, 1999

**GENERAL PURPOSE FINANCIAL STATEMENTS
(OVERVIEW)**

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

Combined Balance Sheet, December 31, 1998

	GOVERNMENTAL FUND TYPE - GENERAL FUND	ACCOUNT GROUP - GENERAL FIXED ASSETS	TOTAL (MEMORANDUM ONLY)
ASSETS			
Cash and cash equivalents	\$216,066		\$216,066
Receivables	144,092		144,092
Vehicles, furniture, equipment, books, etc.		\$415,180	415,180
TOTAL ASSETS	<u>\$360,158</u>	<u>\$415,180</u>	<u>\$775,338</u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	\$16,969		\$16,969
Payroll deductions payable	2,641		2,641
Total Liabilities	<u>19,610</u>	NONE	<u>19,610</u>
Fund Equity:			
Investment in general fixed assets		\$415,180	415,180
Fund balances:			
Designated for:			
Building expansion and renovation	100,000		100,000
Bookmobile replacement	69,914		69,914
Unreserved - undesignated	170,634		170,634
Total Fund Balance	<u>340,548</u>	NONE	<u>340,548</u>
Total Fund Equity	<u>340,548</u>	415,180	<u>755,728</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$360,158</u>	<u>\$415,180</u>	<u>\$775,338</u>

The accompanying notes are an integral part of this statement.

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

Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances - Budget
(GAAP) Basis and Actual
For the Year Ended December 31, 1998

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Taxes - ad valorem	\$92,500	\$134,233	\$41,733
Intergovernmental revenues:			
Federal grant		2,500	2,500
State grant	3,000	11,565	8,565
State revenue sharing	15,000	18,996	3,996
Local grants	2,000	9,682	7,682
Fees, charges, and commissions for services	4,800	3,790	(1,010)
Fines and forfeitures	2,000	1,275	(725)
Use of money and property - interest earnings	10,000	12,437	2,437
Other revenues	3,700	3,719	19
Total revenues	<u>133,000</u>	<u>198,197</u>	<u>65,197</u>
EXPENDITURES			
Culture and recreation:			
Current:			
Personal services and related benefits	82,900	82,477	423
Operating services	36,000	39,959	(3,959)
Materials and supplies	6,600	7,294	(694)
Travel and other charges	500	322	178
Intergovernmental	4,500	5,627	(1,127)
Capital outlay	11,500	27,630	(16,130)
Total expenditures	<u>142,000</u>	<u>163,309</u>	<u>(21,309)</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(9,000)	34,888	43,888
OTHER FINANCING SOURCE			
Proceeds from insurance		5,535	(5,535)
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(9,000)	40,423	38,353
FUND BALANCE AT BEGINNING OF YEAR	<u>19,000</u>	<u>300,125</u>	<u>281,125</u>
FUND BALANCE AT END OF YEAR	<u>\$10,000</u>	<u>\$340,548</u>	<u>\$319,478</u>

The accompanying notes are an integral part of this statement.

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

Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances - Budget
(GAAP) Basis and Actual
For the Year Ended December 31, 1997

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Taxes - ad valorem	\$84,000	\$98,856	\$14,856
Intergovernmental revenues			
State grant		11,550	11,550
State revenue sharing	15,000	16,103	1,103
Fees, charges, and commissions for services	4,500	5,599	1,099
Fines and forfeitures	1,250	857	(393)
Use of money and property - interest earnings	10,000	10,577	577
Other revenues	2,800	7,920	5,120
Total revenues	<u>117,550</u>	<u>151,462</u>	<u>33,912</u>
EXPENDITURES			
Culture and recreation:			
Current:			
Personal services and related benefits	75,222	81,747	(6,525)
Operating services	31,154	34,839	(3,685)
Materials and supplies	8,500	4,091	4,409
Travel and other charges	1,000	299	701
Intergovernmental	3,100	3,495	(395)
Capital outlay	15,400	27,220	(11,820)
Total expenditures	<u>134,376</u>	<u>151,691</u>	<u>(17,315)</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(16,826)	(229)	16,597
FUND BALANCE AT BEGINNING OF YEAR	<u>19,000</u>	<u>300,354</u>	<u>281,354</u>
FUND BALANCE AT END OF YEAR	<u>\$2,174</u>	<u>\$300,125</u>	<u>\$297,951</u>

The accompanying notes are an integral part of this statement.

WEST CARROLL PARISH LIBRARY
Oak Grove, Louisiana

Notes to the Financial Statements
As of and for the Two Years Ended December 31, 1998

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.
2. Organizations for which the police jury does not appoint a voting

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

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

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

**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 94 per cent of fixed assets are valued at actual historical costs while the remaining 6 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 at December 31, 1998.

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 homesteads 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 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.

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

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, 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.

E. 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.

Formal budgetary integration is employed as a management control device during the year. Budgeted amounts included in the accompanying financial statement include the original adopted budget amounts.

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 union, or the laws of the United States. The library may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 1998, the library has cash and cash equivalents totaling \$216,066, as follows:

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

Demand deposits	\$4,668
Petty cash	300
Time deposits	<u>211,098</u>
Total	<u>\$216,066</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, 1998, are secured as follows:

Bank balances	<u>\$218,872</u>
Federal deposit insurance	\$179,516
Pledged securities (uncollateralized)	<u>140,480</u>
Total	<u>\$319,996</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 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the library that the fiscal agent 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.

G. 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 employment termination, sick leave will be paid at a rate of one day for every four days accumulated. At December 31, 1998, there are no material accumulated and vested benefits relating to vacation and sick leave that require accrual or disclosure.

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

H. 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 two years ended December 31, 1998.

I. 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 3.43 and 4.25 mills for the year ended December 31, 1997 and 1998, respectively. The authorized millage for the year ended December 31, 1997 and 1998, was 2.64 and 4.25 mills, respectively. 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 1998 assessed valuation:

	<u>Assessed Valuation</u>	
	<u>1998</u>	<u>Percent of Total</u>
Trunkline Gas Company	\$10,839,660	24.47%
Entergy Louisiana, Inc.	1,628,020	3.68%
Regions Bank	1,327,420	3.00%
Bellsouth Telecommunications	1,187,670	2.68%
ANR Pipeline Company	1,079,440	2.44%
Southern Natural Gas Company	1,017,560	2.30%
Ruffin Building Systems, Inc.	682,630	1.54%
Northeast LA Power Corp.	642,050	1.45%
Wal-Mart Stores, Inc.	383,540	0.87%
Texas Eastern Transmission Corp.	280,390	0.63%
Total	<u>\$19,068,380</u>	<u>43.05%</u>

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

3. RECEIVABLES

The General Fund receivables of \$144,092 at December 31, 1998, are as follows:

Taxes - ad valorem	\$125,149
Intergovernmental revenues - state grants - state revenue sharing (net)	<u>18,943</u>
Total	<u>\$144,092</u>

4. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets for the two years ended December 31, 1998, follows:

	<u>Balance at January 1,</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at December 31,</u>
1997:				
Vehicles	\$37,565			\$37,565
Furniture and equipment	31,703	\$6,734		38,437
Library materials	<u>376,551</u>	<u>18,571</u>		<u>395,122</u>
Total	<u>\$445,819</u>	<u>\$25,305</u>	<u>NONE</u>	<u>\$471,124</u>
1998:				
Vehicles	\$37,565			\$37,565
Furniture and equipment	38,437	\$10,797	(\$500)	48,734
Library materials	<u>395,122</u>	<u>16,833</u>	<u>(83,074)</u>	<u>328,881</u>
Total	<u>\$471,124</u>	<u>\$27,630</u>	<u>(\$83,574)</u>	<u>\$415,180</u>

Beginning balances at January 1, 1997, have been restated to reflect changes made after agency performed physical inventory. Total additions for the year ended December 31, 1997, does not agree to capital outlay.

WEST CARROLL PARISH LIBRARY

Oak Grove, Louisiana

Notes to the Financial Statements (Continued)

5. 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.

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 Franklin Parish Library is required to contribute at an actuarially determined rate. The current rate is 7.75 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, 1998, 1997, and 1996, were \$4,754, \$4,241, and \$2,456, respectively, equal to the required contributions for each year.

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

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 \$69,914 of the unreserved fund balance for future replacement of the bookmobile. The following schedule provides changes in the designated fund balances for the two years ended December 31, 1998:

Balance at December 31, 1996	\$162,986
Additions	3,369
Reductions	<u>NONE</u>
Balance at December 31, 1997	166,355
Additions	3,559
Reductions	<u>NONE</u>
Balance at December 31, 1998	<u><u>\$169,914</u></u>

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.

8. YEAR 2000 ISSUE (Unaudited)

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations as early as fiscal year 1999. The West Carroll Parish Library has completed an inventory of computer systems that may be affected by the year 2000 issue and that are critical to conducting operations of the library's office. The library has identified the following system requiring 2000 remediation; a financial reporting system. All testing and validation of this system has been completed.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the library is or will be Year 2000 ready, that the library's remediation efforts will be successful in whole or part, or that parties with whom the library does business will be year 2000 ready.

**Independent Auditor's Report Required
by *Government Auditing Standards***

The following independent auditor's report on compliance with laws, regulations, and contracts and internal control are presented in compliance with the requirements of *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.



Independent Auditor's Report on Compliance and Internal Control Over Financial Reporting

WEST CARROLL PARISH LIBRARY Oak Grove, Louisiana

I have audited the general purpose financial statements of the West Carroll Parish Library as of and for the year ended December 31, 1998 ended and have issued my report thereon dated June 28, 1999. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the West Carroll Parish Library's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the West Carroll Parish Library's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

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WEST CARROLL PARISH LIBRARY
Oak Grove, Louisiana
Independent Auditor's Report on Compliance
And Internal Control Over Financial Reporting, etc.
December 31, 1998

This report is intended for the information of the West Carroll Parish Library. This is not intended to limit the distribution of this report, which is a matter of public record.

A handwritten signature in black ink, appearing to be 'K. M. ...', written in a cursive style.

West Monroe, Louisiana
June 28, 1999

WEST CARROLL PARISH LIBRARY
Oak Grove, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 1998

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of West Carroll Parish Library.
2. No instances of noncompliance material to the financial statements of West Carroll Parish Library were disclosed during the audit.
3. Two reportable conditions relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control Over Financial Reporting.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

98-1 Maintenance of Accounting Records

Finding: The library has not maintained adequate accounting records. 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 original bank statements and canceled checks for August 1997 through February 1998, and the 1997 general ledger. In addition, a \$4,000 certificate of deposit was purchased in September of 1998 but was not recorded in the accounting records.

Recommendation: I recommend that a formal system for the 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 and that all activity of the board is included in the financial statements.

98-2 Need to Properly Reconcile Bank Account

Finding: The December 31, 1998 bank reconciliation does not agree to the general ledger. Proper internal control procedures include the reconciliation of cash and equivalents as shown in the accounting records to bank statements. The adjusted bank balance for the library's checking account reflected a balance of \$4,805, while the trial balance reflected a balance of \$4,668, or an unidentified difference of \$137. The

WEST CARROLL PARISH LIBRARY
Oak Grove, Louisiana

Schedule of Findings and Questioned Costs (Contd.)
For the Year Ended December 31, 1998

difference is due to fact that the general ledger is maintained by an independent accountant and the reconciliation is performed by the librarian and the two records are never compared to ensure that they agree.

Recommendation: I recommend that in the future the agency checking account be reconciled to the general ledger on a monthly basis. If any differences are noted they can be corrected in a timely manner.

WEST CARROLL PARISH LIBRARY
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Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 1998

**Need to Comply with Local
Government Budget Act**

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

Status: This finding has been cleared. An annual budget was adopted for each of the years in the two year period ended December 31, 1998.

**Need to Record and Publish
Minutes of Board Meeting**

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

Status: This finding has been cleared. All minutes were recorded and published in the official journal.

**Need to Seek Return of
Library Property**

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

Status: This finding has been cleared. The library received compensation from the former librarian's insurance company.

**Need to File Quarterly Tax
Reports in a Timely Manner**

Recommendation: The auditor recommended 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.

WEST CARROLL PARISH LIBRARY
Oak Grove, Louisiana

Summary Schedule of Prior Audit Findings (Contd.)
For the Year Ended December 31, 1998

Status: This finding has been cleared. All quarterly reports were filed in a timely manner for the two years ended December 31, 1998.

**Payment to Employee Appears
To be in Violation of State Law**

Recommendation: The auditor recommended that 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.

Status: This finding has been cleared.

**Payments For Accumulated Leave
Not Adequately Supported**

Recommendation: The auditor recommended 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.

Status: This finding has been cleared. No payments for accumulated leave were made during the two years ended December 31, 1998.

**Need to Improve Time and
Attendance Records**

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

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

WEST CARROLL PARISH LIBRARY
Oak Grove, Louisiana

Summary Schedule of Prior Audit Findings (Contd.)
For the Year Ended December 31, 1998

Status: This finding has been cleared.

**Checks For Payment of Expenditures
Should Require Two Signatures**

Recommendation: The auditor recommended that 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.

Status: This finding has been cleared. All checks now require two signatures.

**Need to Perform Physical
Inventory of Fixed Assets**

Recommendation: The auditor recommended 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.

Status: This finding has been cleared. A physical inventory has been performed.

**Need to Require Original
Documents for Expenditures**

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

Status: This finding has been cleared. Expenditures are now supported by original itemized invoices.

WEST CARROLL PARISH LIBRARY
Oak Grove, Louisiana

Summary Schedule of Prior Audit Findings (Contd.)
For the Year Ended December 31, 1998

**Need to Properly Maintain
Petty Cash Fund**

Recommendation: The auditor recommended 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.

Status: This finding has been cleared.

Maintenance of Accounting Records

Recommendation: The auditor recommended that a formal system for the preparation, content, 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.

Status: See finding 98-1

**Need to Maintain Support
For Expenditures**

Recommendation: The auditor recommended that based on the results of his test of expenditures 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.

Status: This finding has been cleared.

West Carroll Parish Library

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Clay Robertson, Director

Legislative Audit Advisory Council
Daniel G. Kyle, Secretary
P.O. Box 94397
Baton Rouge, LA 70804-9397

The following is the West Carroll Parish Library's corrective action plan for the audit report issued by Vernon R. Coon, C.P.A., dated June 28, 1999, on the West Carroll Parish Library for the two years ended December 31, 1998.

98-1 Maintenance of Accounting Records

Planned Corrective Action

1. A formal system for the retention of accounting records will be retroactively implemented from January 1, 1999.
 - A. All statements and financial records will be recorded by the Librarian on the Library's Quicken software when records arrive at the Library.
 - B. All original records will be placed in monthly files at the West Carroll Parish Library until sent to the Library's accountant.
 - C. A photocopy of all original records will be made prior to the records being sent to the Library's accountant. Said copies will be placed in binders and maintained at the West Carroll Parish Library.
 - D. After the Library's accountant has finished with the original records, these records will be filed at the West Carroll Parish Library.
2. A member of the West Carroll Parish Library's Board of Trustees will be appointed at the next quarterly meeting to check the Library's financial operations on a regular basis.

98-2 Need to Properly Reconcile Bank Account

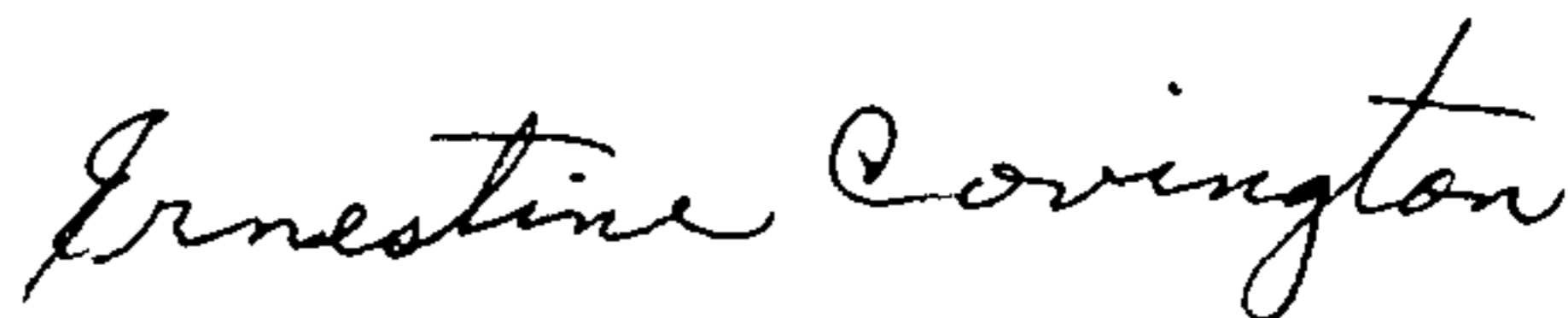
Planned Corrective Action

1. The Library's accountant will reconcile the Library's checking account and the general ledger on a monthly basis.
2. Any differences between the Library's checking account and the general ledger will be corrected in a timely manner.

Respectfully,



Clay Robertson
Secretary-Treasurer/Director
West Carroll Parish Library
June 28, 1999



Ernestine Covington
Member
West Carroll Parish Library Board of Trustees