

RECEIVED
LEGISLATIVE AUDITOR
09 JUN -8 AM 10:31

**JEFFERSON DAVIS PARISH LIBRARY
JEFFERSON DAVIS PARISH POLICE JURY**
Jennings, Louisiana

**General Purpose Financial Statements and
Independent Auditor's Reports
As of and for the Year Ended
December 31, 1999**

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 JUN 21 2000

**JEFFERSON DAVIS PARISH LIBRARY
JEFFERSON DAVIS PARISH POLICE JURY
Jennings, Louisiana**

**General Purpose Financial Statements
And
Independent Auditor's Reports
As of and for the Year Ended December 31, 1999**

TABLE OF CONTENTS

| | Page |
|--|------|
| Independent Auditor's Report on the Financial Statements | 2 |
| General Purpose Financial Statements: | |
| Balance Sheet-All Fund Types and Account Groups | 3 |
| Governmental Fund-General Fund: | |
| Statement of Revenues, Expenditures, and Changes in Fund Balance | 4 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance- Budget and Actual (Non-GAAP Budgetary Basis) | 5 |
| Notes to the Financial Statements | 6-16 |
| Other Reports Required by <i>Government Auditing Standards</i>: | 17 |
| Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on a Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 18 |
| Schedule of Findings and Questioned Costs | 20 |
| Schedule of Prior Audit Findings | 22 |
| Management's Corrective Action Plan for Current Year Audit Findings | 23 |

Mike B. Gillespie, CPA
(A Professional Accounting Corporation)
PO Box 1347
Jennings, LA 70546

INDEPENDENT AUDITOR'S REPORT

Board of Control
Jefferson Davis Parish Library
Jefferson Davis Parish Police Jury
Jennings, Louisiana

I have audited the accompanying general purpose financial statements of the Jefferson Davis Parish Library, a component unit of the Jefferson Davis Parish Police Jury, as of December 31, 1999, and for the year then ended. These general purpose financial statements are the responsibility of the Jefferson Davis 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 the standards applicable to financial audits contained in *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 in the first paragraph present fairly, in all material respects, the financial position of the Jefferson Davis Parish Library, as of December 31, 1999, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued my report dated May 12, 2000, on my consideration of Jefferson Davis Parish Library's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants.


Certified Public Accountant

Jennings, Louisiana
May 12, 2000

**JEFFERSON DAVIS PARISH LIBRARY
JEFFERSON DAVIS PARISH POLICE JURY
Jennings, Louisiana
ALL FUND TYPES AND ACCOUNT GROUPS**

Balance Sheet, December 31, 1999

| | <u>Governmental Fund- General Fund</u> | <u>Account Groups</u> | | <u>Total (Memorandum Only)</u> |
|--|--|-------------------------------------|--|--|
| | | <u>General Fixed Assets</u> | <u>General Long-Term Obligations</u> | |
| ASSETS AND OTHER DEBITS | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 518,763 | \$ - | \$ - | \$ 518,763 |
| Receivables: | | | | |
| Ad valorem taxes | 450,014 | - | - | 450,014 |
| Land, buildings, equipment, and books | - | 1,674,322 | - | 1,674,322 |
| Deposits | 482 | - | - | 482 |
| Other debits: | | | | |
| Amount to be provided for retirement of general long-term obligations | - | - | 14,948 | 14,948 |
| TOTAL ASSETS AND OTHER DEBITS | \$ <u>969,259</u> | \$ <u>1,674,322</u> | \$ <u>14,948</u> | \$ <u>2,658,529</u> |
| LIABILITIES, EQUITY, AND OTHER CREDITS | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 9,697 | \$ - | \$ - | \$ 9,697 |
| Payroll and related liabilities | 9,338 | - | - | 9,338 |
| Compensated absences payable | - | - | 14,948 | 14,948 |
| Total Liabilities | <u>19,035</u> | <u>-</u> | <u>14,948</u> | <u>33,983</u> |
| Equity and Other Credits: | | | | |
| Investment in general fixed assets | - | 1,674,322 | - | 1,674,322 |
| Fund balance - unreserved - undesignated | 950,224 | - | - | 950,224 |
| Total Fund Equity and Other Credits | <u>950,224</u> | <u>1,674,322</u> | <u>-</u> | <u>2,624,546</u> |
| TOTAL LIABILITIES, EQUITY, AND OTHER CREDITS | \$ <u>969,259</u> | \$ <u>1,674,322</u> | \$ <u>14,948</u> | \$ <u>2,658,529</u> |

The accompanying notes are an integral part of this statement.

**JEFFERSON DAVIS PARISH LIBRARY
JEFFERSON DAVIS PARISH POLICE JURY
Jennings, Louisiana
GOVERNMENTAL FUND - GENERAL FUND**

Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended December 31, 1999

REVENUES

| | | |
|---------------------------------------|----|---------|
| Ad valorem taxes | \$ | 529,951 |
| Intergovernmental revenues | | 65,229 |
| Fees and charges for library services | | 12,490 |
| Fines and forfeitures | | 4,140 |
| Interest earnings | | 11,640 |
| Other revenues | | 7,636 |
| Total revenues | | 631,086 |

EXPENDITURES

| | | |
|--|--|---------|
| Current: | | |
| <i>Culture and recreation - libraries:</i> | | |
| Salaries and related benefits | | 267,735 |
| Operating services | | 91,662 |
| Materials and supplies | | 23,179 |
| Travel and other charges | | 4,354 |
| Bayouland Library System | | 6,894 |
| Deductions from ad valorem taxes | | 16,101 |
| Capital outlay | | 86,055 |
| Total expenditures | | 495,980 |

EXCESS OF REVENUES OVER EXPENDITURES 135,106

OTHER FINANCING SOURCES (USES) -

**EXCESS OF REVENUES AND OTHER SOURCES OVER
EXPENDITURES AND OTHER USES** 135,106

FUND BALANCE AT BEGINNING OF YEAR 815,118

FUND BALANCE AT END OF YEAR \$ 950,224

The accompanying notes are an integral part of this statement.

JEFFERSON DAVIS PARISH LIBRARY
JEFFERSON DAVIS PARISH POLICE JURY
 Jennings, Louisiana
GOVERNMENTAL FUND - GENERAL FUND

Statement of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Year Ended December 31, 1999

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---|----------------|-------------------|--|
| REVENUES | | | |
| Ad valorem taxes | \$ 498,000 | \$ 603,223 | \$ 105,223 |
| Intergovernmental revenues | 31,000 | 75,617 | 44,617 |
| Fees and charges for library services | 8,500 | 12,490 | 3,990 |
| Fines and forfeitures | 2,300 | 4,140 | 1,840 |
| Interest earnings | 5,000 | 11,640 | 6,640 |
| Other revenues | - | 7,636 | 7,636 |
| Total revenues | <u>544,800</u> | <u>714,746</u> | <u>169,946</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Culture and recreation - libraries: | | | |
| Salaries and related benefits | 277,985 | 267,735 | 10,250 |
| Operating services | 156,409 | 91,535 | 64,874 |
| Materials and supplies | 17,500 | 22,574 | (5,074) |
| Travel and other charges | 4,500 | 4,355 | 145 |
| Bayouland Library System | 7,000 | 6,894 | 106 |
| Deductions from ad valorem taxes | 17,106 | 17,106 | - |
| Capital outlay | 107,300 | 93,089 | 14,211 |
| Total expenditures | <u>587,800</u> | <u>503,288</u> | <u>84,512</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (43,000) | 211,458 | 254,458 |
| OTHER FINANCING SOURCES (USES) | <u>-</u> | <u>-</u> | <u>-</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | (43,000) | 211,458 | 254,458 |
| FUND BALANCE AT BEGINNING OF YEAR - (Non-GAAP Budgetary Basis) | <u>43,000</u> | <u>291,198</u> | <u>248,198</u> |
| FUND BALANCE AT END OF YEAR - (Non-GAAP Budgetary Basis) | <u>\$ -</u> | <u>\$ 502,656</u> | <u>\$ 502,656</u> |

The accompanying notes are an integral part of this statement.

JEFFERSON DAVIS PARISH LIBRARY
JEFFERSON DAVIS PARISH POLICE JURY
Jennings, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 1999

INTRODUCTION

The Jefferson Davis Parish Library was established by the parish governing authority 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 that 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 pay. The Jefferson Davis Parish Library operates through four facilities in Jefferson Davis Parish. The main facility is in Jennings, and others are located in Elton, Welsh, and Lake Arthur. The library has a total of eighteen employees.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements of the Jefferson Davis Parish Library have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Oversight responsibility by the police jury is determined on the basis of the following criteria:

1. Appointment of governing board
2. Designation of management
3. Ability to significantly influence operations
4. Accountability for fiscal matters
5. Scope of public service

Because the police jury appoints members of the board and has the ability to significantly influence operations, the library was determined to be a component unit of the Jefferson Davis Parish Police Jury, the governing body of the parish with the oversight responsibility. The accompanying financial statements present information only on the funds maintained by the library and do not present information of the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the governmental reporting entity.

**JEFFERSON DAVIS PARISH LIBRARY
JEFFERSON DAVIS PARISH POLICE JURY**
Jennings, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 1999

C. FUND ACCOUNTING

The library used a fund (General Fund) 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 relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

The General Fund of the library is classified as a governmental fund. The General Fund is the general operating fund of the library and accounts for all financial activities of the library, including acquisition of general fixed assets and servicing of general long-term obligations.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The General Fund is 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 operating statement of the General Fund presents increases and decreases in net current assets. The modified accrual basis of accounting is used by the General Fund. The General Fund uses the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes and the related revenue sharing (which is based on population and homesteads in the parish) are recognized in the year the taxes are assessed, and to the extent they are available within 60 days of the year end. Ad valorem taxes are assessed for the calendar year, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year.

Interest income represents amounts earned on checking accounts deposited with financial institutions. Interest earned on checking accounts is recorded when available.

Substantially all other revenues are recorded when received.

Expenditures

**JEFFERSON DAVIS PARISH LIBRARY
JEFFERSON DAVIS PARISH POLICE JURY
Jennings, Louisiana**

Notes to the Financial Statements
As of and for the Year Ended December 31, 1999

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for vacation leave, which is recognized when paid.

E. BUDGET BASIS OF ACCOUNTING AND PRACTICES

Prior to November 1, the librarian prepares the proposed operating budget and submits it to the library board of control. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted by the Jefferson Davis Parish Library to obtain taxpayer comments. The public hearing for the 1999 fiscal year budget was advertised on November 23, 1998. The public hearing was held on November 24, 1998, and the budget was adopted on that date. The budget, as presented on page 5, was amended in November of 1999.

The library adopts its budget on a cash basis. Unexpended budget balances lapse at year end. The budget is used as a management control device and is formally integrated into the general ledger. On the budget comparison, revenues, expenditures, and changes in fund balance have been adjusted to a cash receipts and disbursements basis of accounting.

The following reconciles the amount shown as excess of receipts over disbursements on the non-GAAP budget basis (page 5), with the amount shown on the GAAP basis (page 4):

| | |
|--|-------------------|
| Excess (Deficiency) of revenues and other sources over Expenditures and other uses (Non-GAAP Budgetary Basis) – page 5 | \$ 211,458 |
| Add: | |
| Current-year receivables | 450,016 |
| Prior-year payables | 25,857 |
| Less: | |
| Prior-year receivables | (549,776) |
| Current-year payables | <u>(2,449)</u> |
| Excess (Deficiency) of revenues and other sources over expenditures and other uses (GAAP Basis) – page 4 | \$ <u>135,106</u> |

JEFFERSON DAVIS PARISH LIBRARY
JEFFERSON DAVIS PARISH POLICE JURY
Jennings, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 1999

The reconciliation of amounts reported on page 5 as fund balance at end of year to amounts reported as fund balance on page 3 is as follows:

| | |
|--|-------------------|
| Fund balance at end of year (Non-GAAP Budgetary Basis) – page 5 | \$ 502,656 |
| Revenue accruals | 450,014 |
| Expenditure accruals | (9,697) |
| Reduction in cash reclassified as accounts payable | 7,249 |
| Other | <u>2</u> |
| Fund balance (GAAP Basis) – page 3 | \$ <u>950,224</u> |

F. ENCUMBRANCES

The Library does not utilize encumbrance accounting.

G. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the board may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

H. FIXED ASSETS

Fixed assets are recorded as expenditures at the time purchased, and the related assets are capitalized (reported) in the general fixed assets account group. Public domain or infrastructures are not capitalized. No depreciation has been provided on general fixed assets. Approximately 90 percent of general fixed assets are valued at actual historical cost, while the remaining 10 percent are valued at estimated historical cost of similar items purchased at that time.

I. COMPENSATED ABSENCES

All full-time staff members accrue vacation leave on January 1 of each year for work performed during the previous 12 months. One-half of the vacation leave earned each year may be carried forward. Employees with a master's degree in library science receive 20 days of vacation leave per year; employees with an undergraduate degree and 18 hours of library science receive 15 days; and other employees receive 10 days until the tenth year of employment, when an additional week of vacation leave is granted to the employee. Employees are allowed one day sick leave per month and may accumulate up to 60 days of

**JEFFERSON DAVIS PARISH LIBRARY
JEFFERSON DAVIS PARISH POLICE JURY
Jennings, Louisiana**

Notes to the Financial Statements
As of and for the Year Ended December 31, 1999

sick leave. Upon termination of employment, employees may be paid for accumulated unused vacation leave.

The cost of current leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current-year expenditure in the General Fund when leave is actually taken. The cost of leave privileges not requiring current resources is recorded in the general long-term obligations account group.

J. LONG-TERM OBLIGATIONS

Long-term obligations expected to be financed from governmental funds are accounted for in the general long-term obligations account group. Expenditures for principal and interest payments for long-term obligations are recognized in the General Fund when due.

K. TOTAL COLUMN ON BALANCE SHEET

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

2. LEVIED TAXES

The library's authorized tax millage for 1999 is 5.98 mills. The library levied 5.98 mills for 1999. Any difference is the result of the reassessment of taxable property required by Article 7, Section 18 of the Louisiana Constitution of 1974.

The following are the principal taxpayers for the parish:

| Taxpayer | Type of Business | 1998 Assessed Valuation (In Thousands) | % of Total Assessed Valuation |
|----------------------------------|------------------|---|-------------------------------------|
| Colonial Pipeline Company | Pipeline | \$ 3,913 | 4.27% |
| Entergy Gulf States, Inc. | Utilities | 3,801 | 4.15% |
| Tennessee Gas Pipeline Company | Pipeline | 3,528 | 3.85% |
| Florida Gas Transmission | Pipeline | 3,301 | 3.60% |
| Centurytel of Evangeline | Telephone | 2,559 | 2.79% |
| Concha Chemical Pipeline Company | Pipeline | 2,307 | 2.50% |
| BellSouth Telecommunications | Communications | 1,897 | 2.07% |
| Texas Gas Transmission | Pipeline | 1,472 | 1.67% |
| Jeff Davis Bank & Trust | Banking | 1,644 | 1.78% |
| Jefferson Davis Electric | Utilities | 1,153 | 1.26% |
| | | <u>\$ 25,575</u> | <u>27.94%</u> |

**JEFFERSON DAVIS PARISH LIBRARY
JEFFERSON DAVIS PARISH POLICE JURY
Jennings, Louisiana**

Notes to the Financial Statements
As of and for the Year Ended December 31, 1999

3. CASH

At December 31, 1999, the library has cash (book balances) totaling \$ 518,763 as follows:

| | |
|--------------------------------------|-------------------|
| Non-interest-bearing demand deposits | \$ 54,375 |
| Interest-bearing demand deposits | 464,203 |
| Petty cash | 185 |
| | _____ |
| Total | \$ 518,763 |

At December 31, 1999, the library has \$478,243 in deposits (collected bank balances). These balances are secured from risk by \$100,000 of federal deposit insurance and \$378,243 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the sheriff that the fiscal agent has failed to pay deposited funds upon demand.

4. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

| | Balance January 1,1999 | Additions | Deductions | Adjustments | Balance December 31, 1999 |
|------------------------------------|------------------------------|------------------|-----------------|--------------|---------------------------------|
| Land | \$ 24,600 | \$ -0- | \$ -0- | \$ -0- | \$ 24,600 |
| Buildings | 256,138 | -0- | -0- | -0- | 256,138 |
| Surplus materials and equipment | -0- | -0- | -0- | 106,813 | 106,813 |
| Equipment and furniture | 369,691 | 18,451 | -0- | (106,813) | 281,329 |
| Library books | 947,245 | 67,605 | 9,495 | 87 | 1,005,442 |
| | _____ | _____ | _____ | _____ | _____ |
| Total | \$ 1,597,674 | \$ 86,056 | \$ 9,495 | \$ 87 | \$ 1,674,322 |

JEFFERSON DAVIS PARISH LIBRARY
JEFFERSON DAVIS PARISH POLICE JURY
Jennings, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 1999

5. PENSION PLAN

Plan Description. Substantially all employees of the Jefferson Davis 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 28 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 a least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent 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 percent of final average salary plus \$24 for each year of supplemental-plan-only service earned before January 1, 1980. 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 benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The system issued an annual publicly available financial 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, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (504) 928-1361.

Funding Policy. Under Plan A, members are required by state statute to contribute 9.5 percent of their annual covered salary and the library is required to contribute at an actuarially determined rate. The current rate is 7.75 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (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 contributions requirements of plan members and the 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 library's contributions to the System under Plan A for the years ending December 31, 1999, 1998 and 1997, were \$15,874, \$15,919 and \$15,445 respectively, equal to the required contributions for each year.

**JEFFERSON DAVIS PARISH LIBRARY
JEFFERSON DAVIS PARISH POLICE JURY
Jennings, Louisiana**

Notes to the Financial Statements
As of and for the Year Ended December 31, 1999

6. POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The Jefferson Davis Parish Library does not provide any health care or life insurance benefits for any of its retired employees.

7. COMPENSATED ABSENCES

At December 31, 1999, employees of the library have accumulated and vested \$14,948 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. All of this amount is recorded within the general long-term obligations account group.

8. LEASES

The library has operating and maintenance leases for several copiers and fax machines. The minimum annual commitments under noncancellable operating and maintenance leases are as follows:

| | | |
|--------------|----|---------------|
| Fiscal year: | | |
| 2000 | \$ | 9,441 |
| 2001 | | 8,431 |
| 2002 | | 7,919 |
| 2003 | | 4,612 |
| 2004 | | <u>478</u> |
| Total | \$ | <u>30,881</u> |

Minimum rental payments in the amount of \$13,799 for all operating and maintenance leases during the year ended December 31, 1999, are recorded as an expense in operating services in the accompanying financial statements.

9. CHANGES IN GENERAL LONG-TERM OBLIGATIONS

**JEFFERSON DAVIS PARISH LIBRARY
JEFFERSON DAVIS PARISH POLICE JURY
Jennings, Louisiana**

Notes to the Financial Statements
As of and for the Year Ended December 31, 1999

The following is a summary of the long-term obligation transaction during the year:

| | <u>Compensated Absences</u> |
|--|---------------------------------|
| Long-term obligations payable at January 1, 1999 | \$ 15,465 |
| Additions | 11,583 |
| Deductions | <u>(12,100)</u> |
| Long-term obligations payable at December 31, 1999 | \$ <u>14,948</u> |

10. LITIGATION AND CLAIMS

At December 1, 1999, the library is not involved in any litigation and is not aware of any pending claims.

11. JOINT VENTURE-BAYOULAND LIBRARY SYSTEM

The Bayouland Library System was established as a cooperative system in 1974 under the provisions of Louisiana Revised Statute 33:1324 by the police juries of Acadia, Evangeline, Iberia, Lafayette, Lafourche, St. Martin, St. Mary, Terrebonne, and Vermilion Parishes and the boards of aldermen of the cities of Opelousas and Eunice. The university libraries of Louisiana State University at Eunice, Nicholls State University, and the University of Southwestern Louisiana are also members of the library system. In 1984, Allen Parish Library joined, followed by Jefferson Davis Parish Library in 1985. The major goal of the Bayouland Library System is to provide materials and services that will assist the member libraries in fulfilling their goal of offering the best possible service to library patrons in their respective communities. This includes interlibrary loan, reference, and courier services, continuing education workshops, and cooperative purchases.

The library system is governed by an executive council composed of the Bayouland system director and two representatives from each member library. The Bayouland Library System is headquartered in the Lafayette Parish Library, and its operation is financed by grants from the Louisiana State Library and by funds prorated on the basis of population from the member libraries. The Jefferson Davis Parish Library paid \$6,894 to the Bayouland Library System in 1999.

JEFFERSON DAVIS PARISH LIBRARY
JEFFERSON DAVIS PARISH POLICE JURY
Jennings, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 1999

A summary of the latest available compiled financial information for the Bayouland Library System as of and for the year ended December 31, 1998, follows:

| | |
|--|-----------------|
| For all fund types and account groups: | |
| Total assets | \$ 114,326 |
| Total liabilities | <u>(31,392)</u> |
| Total equity | <u>82,934</u> |
| For the General Fund: | |
| Total revenues | 89,499 |
| Total expenditures | <u>85,173</u> |
| Net increase in fund balance | \$ <u>4,326</u> |

The member libraries do not retain an equity interest in either assets or liabilities.

12. RISK MANAGEMENT

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The Library carries commercial insurance to cover all of these risks except theft. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

13. YEAR 2000 ISSUE

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the Library's operations as early as fiscal year 1999.

The Library has completed an inventory of computer systems and other electronic equipment that may be affected by the Year 2000 issue and that are necessary to conducting operations. The Library has identified the following systems requiring Year 2000 remediation:

- Accounting system
- Circulation management system
- Cataloging management system

The Library has completed all testing, remediation, and validation on the above software systems.

**JEFFERSON DAVIS PARISH LIBRARY
JEFFERSON DAVIS PARISH POLICE JURY
Jennings, Louisiana**

**Notes to the Financial Statements
As of and for the Year Ended December 31, 1999**

The Library has completed all testing, remediation, and validation of hardware systems. The costs of the any possibly remaining remediation is not expected to be material to the financial statements.

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 in part, or that parties with whom the Library does business or shares services with will be Year 2000 ready.

**OTHER REPORTS REQUIRED BY
GOVERNMENTAL AUDITING STANDARDS**

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

Board of Control
Jefferson Davis Parish Library
Jefferson Davis Parish Police Jury
Jennings, Louisiana

I have audited the general purpose financial statements of the Jefferson Davis Parish Library, a component unit of the Jefferson Davis Parish Police Jury, as of and for the year ended December 31, 1999, and have issued my report thereon dated May 12, 2000. 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 Jefferson Davis Parish Library's general purpose 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 statement 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 Jefferson Davis Parish Library's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgement, could adversely affect the Jefferson Davis Parish Library's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the accompanying summary schedule of prior audit findings as item 92-1, since this condition also existed in the prior year.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My 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, of the reportable conditions described above I consider item 92-1 to be a material weakness.

This report is intended for the information of the Library's Board of Control, management, and the Louisiana Legislative Audit Advisory Council. However, this report is a matter of public record and its distribution is not limited.



Certified Public Accountant

Jennings, Louisiana
May 12, 2000

**JEFFERSON DAVIS PARISH LIBRARY
JEFFERSON DAVIS PARISH POLICE JURY
Jennings, Louisiana
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 1999**

We have audited the financial statements of Jefferson Davis Parish Library as of and for the year ended December 31, 1999, and have issued our report thereon dated May 12, 2000. 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. My audit of the financial statements as of December 31, 1999 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No Reportable Conditions Yes No

Compliance Material to Financial Statements Yes No

b. Federal Awards

Internal Control

Material Weaknesses Yes No Reportable Conditions Yes No

Type of Opinion On Compliance Unqualified Qualified

For Major Programs Disclaimer Adverse

Are their findings required to be reported in accordance with Circular A-133, Section .510(a)?
 Yes No

c. Identification of Major Programs:

CFDA Number (s)

Name of Federal Program (or Cluster)

Not applicable

Dollar threshold used to distinguish between Type A and Type B Programs:

\$ _____

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133? Yes No

Section II Financial Statement Findings

Current Year Findings

None reported

**JEFFERSON DAVIS PARISH LIBRARY
JEFFERSON DAVIS PARISH POLICE JURY
Jennings, Louisiana
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 1999**

Prior Year Findings

Finding 92-1 :

Condition: Lack of segregation of duties within the accounting system.

Cause of Condition: Due to the small number of employees.

Effect of Condition: Increases the possibility that errors and/or irregularities material to the financial statements may occur and not be detected in a timely manner.

Recommendation: Changes may not be financially feasible.

Client Response: None required.

Section III Federal Award Findings and Questioned Costs

No findings to report.

**JEFFERSON DAVIS PARISH LIBRARY
 JEFFERSON DAVIS PARISH POLICE JURY
 Jennings, Louisiana
 SCHEDULE OF PRIOR AUDIT FINDINGS
 For the Year Ended December 31, 1999**

| Ref. No. | Fiscal Year Finding Initially Occurred | Description of Finding | Corrective Action Taken (Yes, No, Partially) | Planned Corrective Action/ Partial Corrective Action Taken | Additional Explanation |
|---|--|--|--|--|---|
| SECTION I – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS | | | | | |
| 92-1 | 1992 | Due to small number of employees the Library does not have adequate segregation of functions within accounting system. This condition still exists at December 31, 1999. | No-see additional explanation. | Change may not be feasible. | Based upon the size of the operations and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties. |
| SECTION II – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS | | | | | |
| N/A | N/A | N/A | N/A | N/A | N/A |
| SECTION III – MANAGEMENT LETTER | | | | | |
| N/A | N/A | N/A | N/A | N/A | N/A |

**JEFFERSON DAVIS PARISH LIBRARY
JEFFERSON DAVIS PARISH POLICE JURY
Jennings, Louisiana**

**MANAGEMENT'S CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the Year Ended December 31, 1999**

| Ref. No. | Description of Finding | Corrective Action Planned | Name(s) of Contact Person(s) | Anticipated Completion Date |
|---|------------------------|---------------------------|------------------------------------|--------------------------------|
| SECTION I – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS | | | | |
| N/A | N/A | N/A | N/A | N/A |
| SECTION II – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS | | | | |
| N/A | N/A | N/A | N/A | N/A |
| SECTION III – MANAGEMENT LETTER | | | | |
| N/A | N/A | N/A | N/A | N/A |
| | | | | |