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WEST BATON ROUGE PARISH LIBRARY  
(A Component Unit of WEST BATON ROUGE PARISH COUNCIL)  
Port Allen, Louisiana

Annual Financial Statements  
Year Ended December 31, 2006

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

Release Date 8/22/07

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*Certified Public Accountant*



**Donald C. DeVille**

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REPORT OF INDEPENDENT ACCOUNTANT

March 15, 2007

To the Board of Control  
West Baton Rouge Parish Library  
Port Allen, Louisiana

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the West Baton Rouge Parish Library as of and for the year ended December 31, 2006, which collectively comprises the West Baton Rouge Parish Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the West Baton Rouge Parish Library's management. My responsibility is to express an opinion of these basic financial statements based on my audit.

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

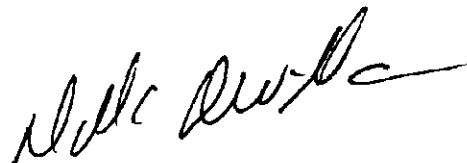
In my opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the West Baton Rouge Parish Library as of December 31, 2006, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the West Baton Rouge Parish Library has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-For State and Local Governments, as of December 31, 2006.

The budgetary comparison information on page 23 is not a required part of the basis financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

The West Baton Rouge Parish Library has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In accordance with Government Auditing Standards, I have also issued a report dated March 15, 2007, on my consideration of West Baton Rouge Parish Library's internal control over financial reporting and our tests of its compliance with laws and regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

A handwritten signature in black ink, appearing to read "N. L. Smith", is located in the lower right quadrant of the page.

**WEST BATON ROUGE PARISH LIBRARY**  
 (A Component Unit Of The West Baton Rouge Parish Council)  
**PORT ALLEN, LOUISIANA**  
**STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS BALANCE SHEET**  
**DECEMBER 31, 2006**

	<b>GENERAL FUND</b>	<b>ADJUSTMENTS</b>	<b>STATEMENT OF NET ASSETS</b>
<b>ASSETS:</b>			
Cash & Cash Equivalents	\$141,776	\$-0-	\$141,776
Investments - Lamp	305,371	-0-	305,371
Investments - Designated	1,156,924	-0-	1,156,924
Taxes Receivable	913,546	-0-	913,546
Intergovernmental Receivable	27,196	-0-	27,196
Fixed Assets	-0-	201,245	201,245
	<hr/>	<hr/>	<hr/>
<b>Total Assets</b>	<b>2,544,813</b>	<b>201,245</b>	<b>2,746,058</b>
	<hr/>	<hr/>	<hr/>
<b>LIABILITIES:</b>			
Current Liabilities			
Deferred Grant	28,022	-0-	28,022
Deferred Taxes	999,894	-0-	999,894
Compensated Absences Payable	5,170	-0-	5,170
	<hr/>	<hr/>	<hr/>
<b>Total Liabilities</b>	<b>1,033,086</b>	<b>-0-</b>	<b>1,033,086</b>
	<hr/>	<hr/>	<hr/>
<b>FUND BALANCES/NET ASSETS</b>			
<b>FUND BALANCES:</b>			
Designated	1,156,924	(1,156,924)	-0-
Unreserved	354,803	(354,803)	-0-
	<hr/>	<hr/>	<hr/>
Total Fund Balances	1,511,727	(1,511,727)	-0-
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances			-0-
			<hr/>
<b>NET ASSETS:</b>			
Designated		1,156,924	1,156,924
Unrestricted		556,048	556,048
		<hr/>	<hr/>
Total Net Assets		1,712,972	1,712,972
		<hr/>	<hr/>
Total Liabilities And Net Assets		201,245	2,746,058
		<hr/>	<hr/>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**WEST BATON ROUGE PARISH LIBRARY**  
(A Component Unit Of The West Baton Rouge Parish Council)  
**PORT ALLEN, LOUISIANA**  
**STATEMENT OF STATEMENT OF ACTIVITIES AND**  
**GOVERNMENTAL FUNDS REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**YEAR ENDED DECEMBER 31, 2006**

	<u>GENERAL FUND</u>	<u>ADJUSTMENTS</u>	<u>STATEMENT OF ACTIVITIES</u>
<b><u>EXPENDITURES</u></b>			
CULTURE AND RECREATION			
Salaries	\$452,402	\$-0-	\$452,402
Fringe Benefits	107,392	-0-	107,392
Operating Services	137,751	-0-	137,751
Material And Supplies	29,738	-0-	29,738
Travel	2,125	-0-	2,125
Intergovernmental	32,625	-0-	32,625
Depreciation	-0-	38,583	38,583
Capital Expenditures	284,049	(149,514)	134,535
	<hr/>	<hr/>	<hr/>
<b>Total Expenditures/Expenses</b>	<b>1,046,082</b>	<b>(110,931)</b>	<b>935,151</b>
	<hr/>	<hr/>	<hr/>
<b><u>PROGRAM REVENUES:</u></b>			
Fees, Fines and Charges	8,688	-0-	8,688
	<hr/>	<hr/>	<hr/>
Net Program Expense	1,037,394	(110,931)	926,463
	<hr/>	<hr/>	<hr/>
<b><u>GENERAL REVENUES:</u></b>			
Property Taxes	878,872	-0-	878,872
State Revenue Sharing	41,234	-0-	41,234
Other State Aid	17,548	-0-	17,548
Investment Income	88,720	-0-	88,720
Gain on Sale of Investments	411,827	-0-	411,827
Gifts and Donations	21,933	-0-	21,933
Miscellaneous	59	-0-	59
	<hr/>	<hr/>	<hr/>
<b>Total General Revenue</b>	<b>1,460,193</b>	<b>-0-</b>	<b>1,460,193</b>
	<hr/>	<hr/>	<hr/>
Excess of General Revenues Over Expenditures	422,799	(422,799)	-0-
	<hr/>	<hr/>	<hr/>
<b>CHANGES IN NET ASSETS</b>	<b>-0-</b>	<b>533,730</b>	<b>533,730</b>
	<hr/>	<hr/>	<hr/>
<b>FUND BALANCES/NET ASSETS</b>			
<b>BEGINNING OF YEAR</b>	<b>1,088,928</b>	<b>90,314</b>	<b>1,179,242</b>
	<hr/>	<hr/>	<hr/>
<b>END OF YEAR</b>	<b>1,511,727</b>	<b>201,245</b>	<b>1,712,972</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE  
TO THE GOVERNMENT-WIDE FINANCIAL STATEMENT OF NET ASSETS

WEST BATON ROUGE PARISH LIBRARY  
(A Component Unit Of The West Baton Rouge Parish Council)  
PORT ALLEN, LOUISIANA  
DECEMBER 31, 2006

Total Governmental Fund Balance	\$1,511,727
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	201,245
Long-term liabilities, including loans payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>-0-</u>
Net Assets of Governmental Activities	<u><u>1,712,972</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

**WEST BATON ROUGE PARISH LIBRARY**

(A Component Unit Of The West Baton Rouge Parish Council)

**PORT ALLEN, LOUISIANA**

**DECEMBER 31, 2006**

Net Change in Fund Balances-Total Governmental Funds	\$422,799
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	110,931
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long- term liabilities in the statement of assets.	-0-
Some expense reported in the statement of activities such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	-0-
Net Assets of Governmental Activities	<u>533,730</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.



**WEST BATON ROUGE PARISH LIBRARY**  
(A Component Unit Of The West Baton Rouge Parish Council)  
**PORT ALLEN, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a. Purpose of the Parish Library:**

The West Baton Rouge Parish Library (Library) was established by the parish governing authority under the provisions of Louisiana Revised Statutes 25:211.

The function and objective of the West Baton Rouge Parish Library is to provide the citizens of the Parish and the adjoining parishes, through reciprocal agreements, access to library books, materials, magazines, records, videos and other services for education, information and recreation.

The responsibility for the Library is vested in the Board of Control by the West Baton Rouge Parish Council. The Board of Control consist of eight members. Pursuant to the Library Law of Louisiana (Act 36 of 1926), no per diem shall be paid board members for attendance at board meetings.

The Library is located in the City of Port Allen, adjacent to the Parish Court House and Council.

The 2000 census population of West Baton Rouge Parish was 20,446. The Library's 81,133 collection serves approximately 87,276 people annually with over 15,309 registrations. The Library employes approximately 11 full time and 6 part time people.

**b. Reporting Entity:**

The Parish Library does not possess all the corporate powers to make it a legally separate entity and the West Baton Rouge Parish Council holds the Parish Library's corporate powers. For this reason, the Parish Library is a component unit of the West Baton Rouge Parish Council, the Financial reporting entity.

The accompanying financial statements present information only on the funds maintained by the Parish Library and do not present information on the parish council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

**c. Presentation of Statements:**

The Parish Library's statements are prepared in accordance with accounting principles generally accepted (GAAP) in the United States of America as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standard Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements.

The Parish Library has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds; however, the Parish Library has chosen not to do so because it does not have any business-type activities or enterprise funds. The more significant accounting policies established in GAAP and used by the Parish Library are discussed below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. Certain of the significant changes in the statement include the following:

For the first time the financial statements include:

A Management Discussion and Analysis (MD&A) section providing an analysis of the Parish Library's overall financial position and results of operations; however, management has elected not to present the MD&A.

Governmental-Wide Financial statements prepared using full accrual accounting for all of the Parish Library's activities.

A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The Parish Library has elected to implement the general provisions of the GASB Statement 34 in the current year.

**d. Basic Financial Statements - Government-Wide Statements**

The Parish Library's basic financial statements include both Government-Wide (reporting the Parish Library as a whole) and fund financial statements (reporting the Parish Library's major funds). Both the Government-Wide and Fund Financial Statements categorize primary activities as either governmental or business type.

The Parish Library's functions and programs have been classified as governmental activities. The Parish Library does not have any business-type activities, fiduciary funds, or any component units that are fiduciary in nature. Accordingly, the Government-Wide financial statements do not include any of these activities or funds.

In the Government-Wide Statement of Net Assets, the governmental type activities column (a) is presented on a consolidated basis by column, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Parish Library's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Invested in capital assets, net of related debt consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets. Restricted net assets consist of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Unrestricted net assets include all other net assets that do not meet the definition of "restricted" of "invested in capital assets, net of related debt."

The Government-Wide Statement of Activities reports both the gross net cost of each of the Parish Library's functions and significant programs. Many functions and programs are supported by general government revenues like intergovernmental revenues, and unrestricted investment income, particularly if the function or program has a net cost. The Statement of Activities begins by presenting gross direct and indirect expenses that include depreciation, and then reduces the expenses by related program revenues, such as operating and capital grants and contributions, to derive the net cost of each function or program. Program revenues must be directly associated with the function or program to be used directly offset its cost.

Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants. The Parish Library did not receive any capital-specific grants this year.

The Government-Wide Statements focus upon the Parish Library's ability to sustain operations and the change in its net assets resulting from the current year's activities.

#### **e. Basic Financial Statements - Fund Financial Statements**

The financial transactions of the Parish Library are reported in individual funds in the Fund Financial Statements. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are reported by generic classification within the financial statements.

The Parish Library uses governmental fund types. The focus of the governmental funds' measurement (in the fund statements) is on determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than on net income. An additional emphasis is placed on major funds within the governmental fund types. A fund is considered major if it is the primary operating fund of the Parish Library or if its total assets, liabilities, revenues or expenditures are at least 10% of the corresponding total for all funds of that category or type.

Governmental fund equity is called the fund balance. Fund balance is further classified as reserved and unreserved, with unreserved being further split into designated and undesignated. Reserved means that the fund balance is not available for expenditure because resources have already been expended (but not consumed), or a legally restriction has been placed on certain assets that makes them only available to meet future obligations. Designated fund balances result when management tentatively sets aside or earmarks certain resources to expend in a designated manner. In contrast to reserved fund balances, designated amounts can be changed at the discretion of management.

The following is a description of the governmental funds of the Parish Library:

**General Fund** is the general operating fund of the Parish Library. It is used to account for all financial resources except those required to be accounted for in another fund.

#### **f. Measurement Focus and Basis of Accounting**

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

##### **1. Accrual Basis - Government-Wide Financial Statements (GWFS)**

The Statement of Net Assets and the Statement of Activities display information about the Parish Library as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting.

Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange takes place.

**2. Modified Accrual Basis - Fund Financial Statements (FFS)**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental funds types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e. when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Parish Library considers all revenues "available" if they are collected within 60 days after year end. Expenditures are generally recorded under modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are that (1) unmatured principal and interest on long-term debt, if any, are recorded when due, and (2) claims and judgments and compensated absences are recorded as expenditures when paid expendable available financial resource resources.

**g. Cash and Cash Equivalents**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and petty cash. Cash equivalent include amounts in time deposits and those investments with original maturities of 90 days or less. Cash and cash equivalents are reported at their carrying amounts that equal their fair values.

**h. Prepaid Expenses/Expenditures**

Prepaid expenses include amounts paid for services in advance. These are shown as assets on the Government-Wide Statement of Net Assets. In the Fund Financial Statements, the Parish Library has elected not to include amounts paid for future services as expenditures until those services are consumed to comply with the cost reimbursement terms of grant agreements. As a result, the prepaid expenditures are shown as an asset on the balance sheet of the Fund Financial Statements until they are consumed. In addition, a corresponding amount of the fund balance of the General Fund has been reserved to reflect the amount of fund balance not currently available for expenditure.

**i. Capital Assets**

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets that have been purchased or acquired with an original cost of at least \$1000 and that have an estimated useful life of greater than one year.

When purchased or acquired, these assets are recorded as capital assets in the Government-Wide Statement of Net Assets. In contrast, in the Fund Financial Statements, capital assets are recorded as expenditures of the fund that provide the resources to acquire the assets. If the asset purchased, it is recorded in the books at its cost. If the asset was donated, when it is recorded at its estimated fair market value at the date of donation.

For capital assets recorded in the Government-Wide Financial Statements, depreciation is computed and recorded using the straight-line method for the asset's estimated useful life. The estimated useful lives of the various classes of depreciable capital assets are as follows:

Equipment	5-10 Years
Vehicles	10 Years
Computers	5 Years

Salvage values have not been established by management when calculating how much of an asset's cost needs to be depreciated except for vehicles. For that category of capital asset, management has used 10% of the vehicle's initial cost as a salvage value estimate.

Depreciation is not computed or recorded on capital assets for purposes of the Fund Financial Statements.

**j. Unpaid Compensated Absences:**

The Parish Library's policies for vacation time permit employees to accumulate earned but unused vacation leave. Accordingly, a liability for the unpaid vacation leave has been recorded in the Government-Wide Statements. Management has estimated the current and long-term portions of this liability based on historical trends. The amount accrued as the compensated absence liability was determined using the number of vested vacation hours for each employee multiplied by the employee's wage rate in effect at the end of the year. An amount is added to this total for social security and medicare taxes. In contrast, the governmental funds in the Fund Financial Statements report only compensated absence liabilities that are payable from expendable available financial resources to the extent that the liabilities mature (or come due for payment). Vacation leave does not come due for payment until an employee makes a request to use it or terminates employment with the Parish Library. Accordingly, no amounts have been accrued as fund liabilities as the year-end in the Fund Financial Statements. The differences in the methods of accruing compensated absences creates a reconciling item between the Fund and Government-Wide Financial Statement presentations.

The Parish Library's sick leave policy does not provide for the vesting of sick leave thereby requiring the employee to be paid for any unused leave upon termination of employment.

Accordingly, no amounts have been accrued as unpaid compensated absence in the Government-Wide Financial Statements relative to sick leave.

**k. MANAGEMENT'S USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

**l. Deferred Revenue:**

The Parish Library reports deferred revenues on its Statement of Net Assets and on the balance sheet of the Fund Financial Statements.

Deferred Revenues arise when the Parish Library receives resources before it has a legal claim to them, as when grant monies are received before the occurrence of qualifying expenditures. In subsequent periods, when the Parish Library has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized.

**NOTE 2 - REVENUE RECOGNITION**

Revenues are recorded in the Government-Wide Statements when they are earned under the accrual basis of accounting.

Revenues are recorded in the Fund Financial Statements governmental using the modified accrual basis of accounting. In applying the susceptible to accrual concept using this basis of accounting, intergovernmental grant revenues, program service fees, and interest income are usually both measurable and available. However, the timing and amounts of the receipts of public support and miscellaneous revenues are often difficult to measure; therefore they are recorded as revenue in the period received.

**NOTE 3 - LEVIED TAXES**

The following is a summary of authorized and levied ad valorem taxes for the year ended December 31, 2006 follows:

<u>FUND</u>	<u>MILLS</u>	<u>EXPIRATION DATE</u>	<u>PROPERTY ASSESSED VALUATIONS</u>	<u>TAXES ASSESSED FOR GENERAL PURPOSES</u>
General Fund				
Parish Library Tax	4.10	2015	\$233,346,270	\$956,720

The following are the principal taxpayers for the parish:

<u>TAXPAYER</u>	<u>TYPE OF BUSINESS</u>	<u>ASSESSED VALUATION</u>	<u>% OF TOTAL ASSESSED VALUATION</u>	<u>AD VALOREM TAX REVENUE FOR LIBRARY</u>
Dow Chemical Co	Chemicals	\$53,590,950	20.1%	\$192,301
Exxon Corporation	Oil Storage	23,139,200	8.7%	83,235
Placid Refining Co	Oil Refinery	10,215,520	3.8%	36,355
Cargill, Inc	Grain	8,458,930	3.2%	30,615
BP Lubricants USA	Oil Refinery	6,312,600	2.4%	22,961
Totals		<u>101,717,200</u>	<u>38.2%</u>	<u>365,467</u>

**NOTE 4 - CASH**

At December 31, 2006, the West Baton Rouge Library had cash and cash equivalent (book balances) totaling **\$141,776**.

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.

**Custodial Credit Risk-Deposits.** At year-end the bank balance was **\$184,303**. Of the bank balances, \$173,451 was covered by federal depository insurance. \$21,522 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the Library's name (GASB Category 3).

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

**Interest Rate-Deposits.** The Library's policy does not address interest rate risk.

**NOTE 5 - INVESTMENTS**

As of **December 31, 2006**, the Library's had \$1,462,295 invested in an external investment pool (LAMP).



LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objectives of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes on securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33:2955.

GASB Statement No. 40 Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, concentration of credit risk, and foreign currency risk for all public entity investments. LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7-like investment pools:

**Credit Risk:** LAMP is rated AAAM by Standard & Poor's.

**Custodial Credit Risk:** LAMP participant's investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

**Concentration of Credit Risk:** Pooled investments are excluded from the 5 percent disclosure requirement.

**Interest Rate Risk:** 2a7-like investment pools are excluded from this disclosure requirement, per paragraph 15 of the GASB 40 statement.

**Foreign Currency Risk:** Not applicable to 2a7-like pools entities.

The dollar weight average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

**NOTE 6 - RECEIVABLES AND PAYABLE**

A. A Summary of Receivables at year end follows:

<u>CLASS OF RECEIVABLES</u>	<u>GENERAL FUND</u>
Ad Valorem Taxes	\$913,546
State Shared Revenue	27,196
Total	<u>940,742</u>

Accounts receivable are written-off under the direct write-off method whereby bad debts are recorded when a receivable is deemed uncollectible. If they are subsequently collected they are recorded as miscellaneous income. The direct charge-off method is not a material departure from GAAP as it approximates the valuation method.

**NOTE 7 - CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended December 31, 2006, is as follows:

<u>Governmental Activities</u>	<u>Balance</u> <u>12-31-05</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12-31-06</u>
Equipment	\$334,985	\$149,514	-0-	\$484,499
Vehicles	114,670	-0-	-0-	114,670
Subtotal	<u>449,655</u>	<u>149,514</u>	<u>-0-</u>	<u>599,169</u>
Accumulated Depreciation:				
Equipment	308,676	29,439	-0-	338,115
Vehicles	50,665	9,144	-0-	59,809
Subtotal	<u>359,341</u>	<u>38,583</u>	<u>-0-</u>	<u>397,924</u>
Net Capital Assets	<u>90,314</u>	<u>110,931</u>	<u>-0-</u>	<u>201,245</u>

**NOTE 8 - DEFERRED REVENUE**

Deferred Taxes at year-end comprises of:

Deferred Ad Valorem Taxes	\$956,720
Deferred State Revenue Sharing	43,174
Total	<u>999,894</u>

Deferred Grants at year-end comprises of:	
Deferred Alcoa Foundation	\$546
Deferred Bobby S Hay	500
Deferred Dow Community Read Grant	1,703
Deferred Dow Read Grant	3,680
Deferred Dow Tutorial Grant	513
Deferred Ezra Jack Keats Foundation	243
Horizon Milling/Cargill Grant	1,150
Deferred State Aid Grant 2006-2007	7,721
Deferred State Aid Grant 2005-2006	8,926
Deferred State Aid Grant 2004-2005	214
Deferred Wal Mart Read Grant	811
Deferred Wal Mart Literacy Grant	483
Deferred Viburnum-Mother Goose Grant	1,532
	<hr/>
Total	28,022
	<hr/> <hr/>

**NOTE 9 - PENSION PLAN AND RETIREMENT COMMITMENTS**

**Plan Description.**

Substantially all Parish Library's employees are members of the Parochial Employees' Retirement System of Louisiana ("System"), a multiple-employer, public employee retirement system (PERS), controlled and administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and separate benefit provisions. All employees of the Parish Library are members of Plan A. All permanent Parish Library employees working at least 28 hours a 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 credited service, at or after age 55 with 25 years of credited service, or at any age with at least 30 years of credited 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 most employees who were members of the supplemental plan only prior to 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 prior to 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 credited 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 by state statute.

The System issues 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 Employee's Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (225) 928-1361.

#### **Funding Policy**

Under Plan A, members are required by state statute to contribute 9.50 % of their annual covered salary and the Parish Library is required to contribute at an actuarially determined rate. The current rate is 12.75 % of annual covered payroll. Contributions to the System also include one-fourth of 1 % of the taxes shown to be collectible by the tax rolls of each parish, except Orleans and East Baton Rouge Parishes. 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 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 Parish Library's contributions to the System under Plan A for the years ended **December 31, 2006, 2005, and 2004**, were **\$51,585, \$49,585, and \$43,573**, respectively, equal to the required contributions for each year.

#### **NOTE 10 - POST-RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

In 1990, the first employee of the Library retired and another retired in 1995. The Library provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the Library's employees become eligible for those benefits if they reach normal retirement age while working for the Library. Those benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid by the Library. The Library recognizes the cost of providing retiree health care insurance benefits (Library's portion of premiums) as an expenditures when paid, which was **\$6,890** for the year ended **December 31, 2006**. Using mortality tables related to single life annuities, the estimated cost to the Library over the remaining life of these employees is **\$84,398**. The West Baton Rouge Parish Library does not offer any post-retirement benefits.

#### **NOTE 11 - COMPENSATED ABSENCES**

At **December 31, 2006**, employees of the Parish Library have accumulated and vested **\$5,170** of employee leave benefits, which was computed in accordance with GASB Codification Section C60. Of this amount, all is recorded as an obligation of the General Fund.

**NOTE 12 - JUDGEMENTS, CLAIMS AND SIMILAR CONTINGENCIES**

There is no litigation pending against the Parish Library as of year-end.

The Parish Library's management believes that any potential lawsuits would be adequately covered by insurance or resolved without any material impact upon the Parish Library's financial statements.

No claims were paid-out or litigation costs incurred during the year.

**NOTE 13 - LEASE OBLIGATIONS**

The Parish Library has no operating or capital leases as of December 31, 2006.

**NOTE 14 - COMPENSATION PAID TO BOARD MEMBERS**

In compliance with the Law of Louisiana (Act 36 of 1926), no compensation is paid to any member of the Board of Control.

**NOTE 15 - ON-BEHALF PAYMENTS**

The West Baton Rouge Parish Council provides the Parish Library its building.

**NOTE 16 - RISK MANAGEMENT**

The Parish Library is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Parish Library has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. There have been no significant reductions in coverage for the prior year. No settlements were made during the year that exceeded the Parish Library's coverages.

The Parish Library's management has not purchased commercial insurance or made provision to cover or reduce the risk of loss, as a result of business interruption and certain acts of God, like floods or earthquakes.

SUPPLEMENTARY INFORMATION REQUIRED BY GASB STATEMENT 34

**WEST BATON ROUGE PARISH LIBRARY**  
 (A Component Unit Of The West Baton Rouge Parish Council)  
**PORT ALLEN, LOUISIANA**  
**GOVERNMENTAL FUND - GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL**  
**FOR YEAR ENDED DECEMBER 31, 2006**

	<u>BUDGET</u> <u>ORIGINAL</u>	<u>AMOUNTS</u> <u>FINAL</u>	<u>ACTUAL</u> <u>AMOUNTS</u> <u>BUDGETARY</u> <u>BASIS</u>	<u>BUDGET TO GAAP</u> <u>DIFFERENCES</u> <u>OVER (UNDER)</u>	<u>ACTUAL</u> <u>AMOUNTS</u> <u>GAAP</u> <u>BASIS</u>
<b>REVENUES</b>					
Ad Valorem Taxes	\$865,229	\$865,229	\$881,306	(1) \$(2,434)	\$878,872
State Shared Revenue	41,000	41,000	41,234	-0-	41,234
Other Grants	-0-	14,265	17,548		17,548
Fees and Charges	2,500	2,500	4,805	-0-	4,805
Fines and Forfeitures	5,000	5,000	3,883	-0-	3,883
Investment Income	10,000	10,000	88,720	-0-	88,720
Gifts and Bequest	-0-	15,730	21,933	-0-	21,933
Gain on Investments	-0-	-0-	411,827	-0-	411,827
Miscellaneous	-0-	-0-	59	-0-	59
<b>TOTAL REVENUES</b>	<b>923,729</b>	<b>953,724</b>	<b>1,471,315</b>	<b>(2,434)</b>	<b>1,468,881</b>
<b>EXPENDITURES</b>					
CULTURE AND RECREATION					
CURRENT					
SALARIES	481,698	481,698	449,626	(1) 2,776	452,402
FRINGE BENEFITS	124,807	124,807	107,392	-0-	107,392
OPERATING SERVICE	124,814	132,000	137,751	-0-	137,751
MATERIAL & SUPPLY	25,500	25,500	29,738	-0-	29,738
TRAVEL	3,000	3,000	2,125	-0-	2,125
INTERGOVERNMENTAL	32,682	32,682	32,625	-0-	32,625
CAPITAL OUTLAY	152,600	284,500	284,049	-0-	284,049
<b>TOTAL</b>	<b>945,101</b>	<b>1,084,187</b>	<b>1,043,306</b>	<b>2,776</b>	<b>1,046,082</b>
<b>EXCESS (DEFICIENCY)</b>					
<b>OF REVENUE OVER</b>					
<b>EXPENDITURES</b>					
<b>FUND BALANCE, BEG</b>	<b>1,186,222</b>	<b>1,186,222</b>	<b>1,186,222</b>	<b>(97,294)</b>	<b>1,088,928</b>
<b>FUND BALANCE, END</b>	<b>1,164,850</b>	<b>1,055,759</b>	<b>1,614,231</b>	<b>(102,504)</b>	<b>1,511,727</b>

Explanation of differences:

Because accounting principles applied for purposes of developing data on a budgetary basis (cash basis) differ significantly from those used to present financial statements in conformity with GAAP, a reconciliation of resultant basis and timing differences in the excess of revenues over expenditures for the year end is presented below:

1. To adjust revenues and expenditures for accruals \$(5,210)

*Certified Public Accountant*



**Donald C. DeVille**

Member  
American Institute CPAs

Member  
Louisiana Society CPAs

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

March 15, 2007

To the Board of Directors  
West Baton Rouge Parish Library  
Port Allen, Louisiana

I have audited the financial statements of the West Baton Rouge Parish Library as of and for the year ended December 31, 2006, and have issued my report thereon dated March 15, 2007. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered West Baton Rouge Parish Library's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Entity internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Entity's internal control over financial reporting.

A control deficiency exist when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatement on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.



A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiency in internal control over financial reporting that I consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether West Baton Rouge Parish Library's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of the management, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and distribution is not limited.

Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.



WEST BATON ROUGE PARISH LIBRARY  
 (A Component Unit Of The West Baton Rouge Parish Library)  
PORT ALLEN, LOUISIANA  
GOVERNMENTAL FUND - GENERAL FUND  
SCHEDULE OF PRIOR YEARS FINDINGS  
FOR YEAR ENDED DECEMBER 31, 2006

REF NO.	FISCAL YEAR FINDING INITIALLY OCCURRED	DESCRIPTION OF FINDING	CORRECTIVE ACTION TAKEN (YES,NO,PARTIALLY)	CORRECTIVE ACTION/PARTIAL CORRECTIVE ACTION TAKEN
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NONE

**WEST BATON ROUGE PARISH LIBRARY**  
(A Component Unit Of The West Baton Rouge Parish Library)  
**PORT ALLEN, LOUISIANA**  
**GOVERNMENTAL FUND - GENERAL FUND**  
**SCHEDULE OF FINDINGS AND QUESTIONED COST**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

**A. SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of West Baton Rouge Parish Library.
2. No reportable conditions relating to the audit of the general purpose financial statements are reported in the **Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.**
3. No instances of noncompliance material to the general purpose financial statements of the West Baton Rouge Parish Library.
4. No audit findings are required to be reported in accordance with Section 510 (a) of OMB Circular A-133.
5. There were no major programs.
6. The threshold for distinguishing Type A and B Programs was \$300,000.
7. The West Baton Rouge Parish Library was considered to be a low-risk auditee.

**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

There were no findings that required to be reported in the section of the report.

**C. MANAGEMENT LETTER**

The auditor did not issue a management letter this year.

WEST BATON ROUGE PARISH LIBRARY  
(A Component Unit Of The West Baton Rouge Parish Library)  
PORT ALLEN, LOUISIANA  
GOVERNMENTAL FUND - GENERAL FUND  
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
FOR YEAR ENDED DECEMBER 31, 2006

<u>REF</u> <u>NO.</u>	<u>DESCRIPTION</u> <u>OF FINDING</u>	<u>CORRECTIVE</u> <u>ACTION</u> <u>PLANNED</u>	<u>NAME OF</u> <u>CONTACT</u> <u>PERSON</u>	<u>ANTICIPATED</u> <u>COMPLETION</u> <u>DATE</u>
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NOT APPLICABLE