

**The accompanying financial statements and report are intended for the original recipient. They must be presented in their entirety and may not be modified in any manner.**





**LEWIS & CLARK LIBRARY**

**FINANCIAL REPORT**

**June 30, 2014**



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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees  
Lewis & Clark Library  
Helena, Montana

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, and the major fund of Lewis & Clark Library (the Library), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, and the major fund of the Lewis & Clark Library, as of June 30, 2014, and the respective changes in financial position and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3–11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2014, on our consideration of the Lewis & Clark Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lewis & Clark Library's internal control over financial reporting and compliance.



Helena, Montana  
November 20, 2014

LEWIS AND CLARK LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
June 30, 2014

## **INTRODUCTION**

As management of Lewis and Clark Library, Montana, we offer readers of Lewis and Clark Library's basic financial statements this comparative narrative overview and analysis of the financial activities of Lewis and Clark Library for the fiscal year ended June 30, 2014.

## **FINANCIAL HIGHLIGHTS**

### **Government-wide Highlights**

- Lewis and Clark Library's assets exceeded its liabilities at June 30, 2014 by \$6.1 million (reported as net position) compared with \$5.7 million at June 30, 2013. Of this amount, \$3.9 million (reported as unrestricted net position) may be used to meet the Library's general obligation to citizens and creditors. \$612,532 is restricted by the Library Foundation.
- The Library had an increase in net position for the year of \$363,948. This increase can be primarily attributed to steady growth of tax revenues, payment from Verizon for previously protested taxes, along with a slight drop in expenses.
- See Footnote 1 for a summary of new accounting pronouncements implemented for Fiscal Year 2014.

### **Fund Highlights**

- As of June 30, 2014, the Library reported an ending fund balance of \$3.6 million, compared with \$3.2 million at June 30, 2013. \$2.7 million is available for spending at the Library's discretion (reported as unassigned fund balance).

### **Capital Asset and Long-term Debt Highlights**

- Capital assets for the Library totaled \$1,579,800 as of June 30, 2014. This is down from the \$1,663,156 from the previous year, as there were no current year purchases, with the current year's depreciation being \$83,357.
- The Library has no outstanding debt obligation for the current fiscal year. There are long-term liabilities of \$119,608 relating to compensated absences, which is up slightly from the previous year.

LEWIS AND CLARK LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
June 30, 2014

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to Lewis and Clark Library's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements. These components are described below:

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of Lewis and Clark Library's finances, in a manner similar to a private-sector business. One of the most important questions asked about the Library's finances is, "Is the Library, as a whole, better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Library as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Library's net position and changes in it. The Library's net position - the difference between assets and liabilities - are one way to measure the financial position of the Library. Over time, increases or decreases in the Library's net position are an indicator of whether the financial health is improving or deteriorating. Non-financial factors such as changes in the Library's mill levy, also needs to be considered in assessing the financial position of the Library.

The Statement of Net Position and the Statement of Activities usually distinguish between Governmental Activities and Business Activities. The Library's operation falls under the umbrella of Governmental Activities, so only columns for Governmental Activities and Component Unit are displayed.

- Governmental Activities – in general, most of the basic services are reported here, including general administration, public safety, public works, health, and cultural and recreation. The Library is under the functional classification of cultural and recreation. Property taxes, local option, vehicle taxes, and state and federal grants primarily finance most of these activities.
- Component Unit - the Library includes one separate legal entity in its report - the Lewis & Clark Library Foundation. Although legally separate, the component unit is important because the Library is financially accountable for it.

## OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

The government-wide statements can be found on pages 12 - 13 of this report.

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide detailed information about the most significant funds, not the governmental unit as a whole. Some funds are required to be established by State law and by bond covenants. Also, the governmental leadership can establish funds to help control and manage money for particular purposes or to meet legal responsibilities for using certain taxes, grants and other money. For example, a separate fund may be maintained for an on-going federal grant in order to track specific expenditures to the grant.

As mentioned above, the Library maintains only one fund of which is a governmental fund.

**Governmental funds** are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. These funds focus on how money flows into and out of the funds and the balances left at year-end that are available for spending. These funds use the modified accrual method of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Library's general government operations and the basic services it provides. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

**Proprietary funds.** Lewis and Clark Library maintains no proprietary funds.

**Fiduciary funds.** Lewis and Clark Library maintains no fiduciary funds.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19 - 29 of this report.

LEWIS AND CLARK LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
June 30, 2014

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Other information:** All required supplementary information precedes the basic financial statements or is included in the basic financial statements and accompanying notes, therefore no other information is presented in the section for required supplementary information.

**THE LIBRARY AS A WHOLE**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Library, assets exceeded liabilities by \$6,108,901 at June 30, 2014.

A portion of Lewis and Clark Library's net position, approximately 25.9 percent, reflects its investment in capital assets (e.g., land, building, machinery, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Library uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Library's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The Foundation of Lewis and Clark Library has \$612,532 in net position that represents resources that are subject to external restrictions on how they may be used. Therefore, only \$3,916,569 of unrestricted net assets may be used to meet the Library's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Library was able to report positive balances in the three categories of net position. In the prior fiscal year, the categories had similar positive balances.

LEWIS AND CLARK LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
June 30, 2014

**THE LIBRARY AS A WHOLE (CONTINUED)**

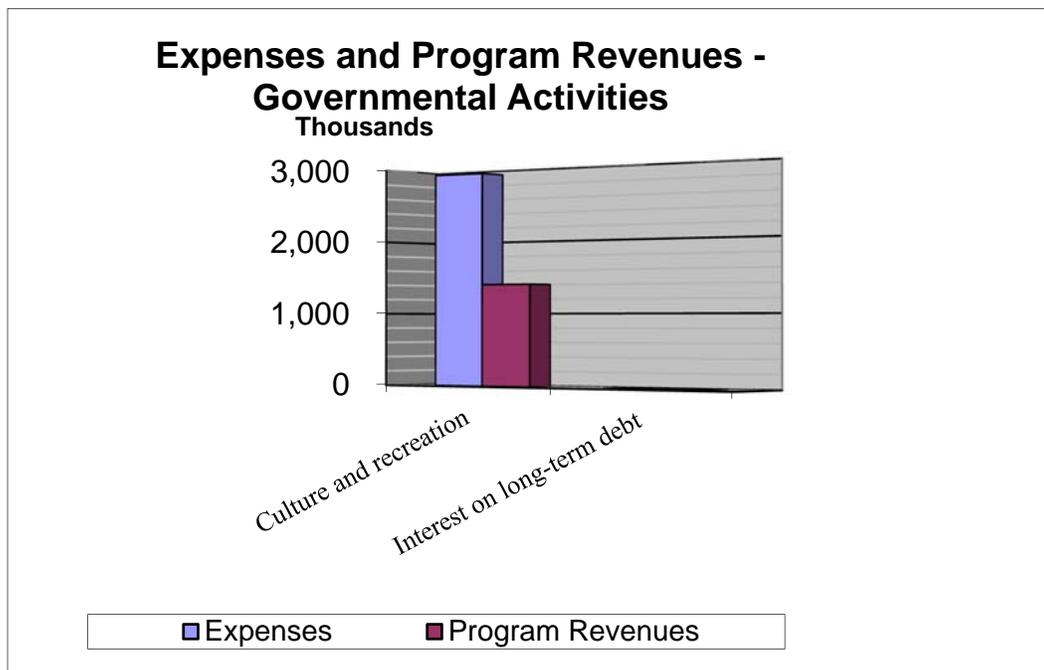
<b>Net Position</b>		
	Governmental	
	Activities	
	2014	2013
Current and other assets	\$ 4,782,746	\$ 4,250,958
Capital assets	1,579,800	1,663,156
Total assets	<u>6,362,546</u>	<u>5,914,114</u>
Long-term liabilities outstanding	119,608	113,566
Other liabilities	134,037	55,595
Total liabilities	<u>253,645</u>	<u>169,161</u>
Net position:		
Net investment in capital assets	1,579,800	1,663,156
Restricted	612,532	558,311
Unrestricted	3,916,569	3,523,486
Total net position	<u>\$ 6,108,901</u>	<u>\$ 5,744,953</u>
<b>Changes in Net Position</b>		
	Governmental	
	Activities	
	2014	2013
Revenues:		
Program revenues:		
Fees, fines, and charges for services	\$ 125,961	\$ 123,843
Operating grants and contributions	1,271,746	1,191,346
Total program revenues	<u>1,397,707</u>	<u>1,315,189</u>
General revenues:		
Taxes	1,793,285	1,729,997
Other	96,309	64,415
Total revenues	<u>3,287,301</u>	<u>3,109,601</u>
Expenses:		
Culture and recreation	2,923,353	2,705,488
Total expenses	<u>\$ 2,923,353</u>	<u>\$ 2,705,488</u>
Increase in net position	363,948	404,113
Net position, beginning	5,744,953	5,023,898
Prior period adjustment	-	316,942
Net position, ending	<u>\$ 6,108,901</u>	<u>\$ 5,744,953</u>

LEWIS AND CLARK LIBRARY  
 MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
 June 30, 2014

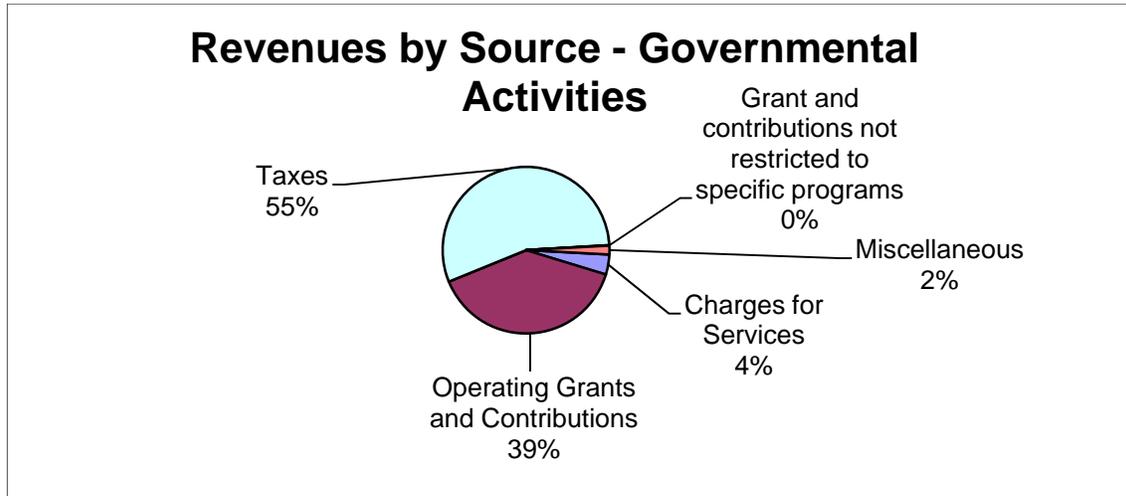
**THE LIBRARY AS A WHOLE (CONTINUED)**

**Governmental Activities.** Governmental activities increased Lewis and Clark Library's fund balance by \$366,755. This is a decrease from the \$404,113 realized in fiscal year 2013. Key elements in comparing fiscal years 2014 and 2013 are as follows:

- All types of revenue were up from the previous fiscal, but there increase did not keep pace with the increase in expenditures from the previous year.
- Program revenues for fees, fines, and charges for services and Operating grants increased modestly, by approximately \$82,000.
- General revenues in the form of Taxes were up \$64,000, which compares with the prior year's increase of approximately \$96,000.
- Expenses increased by approximately \$218,000.



**THE LIBRARY AS A WHOLE (CONTINUED)**



**THE LIBRARY'S FUND**

**Governmental Funds**

As of the end of the current fiscal year, Lewis and Clark Library's general fund reported a fund balance of \$3,568,477, an increase of \$366,755 in comparison with the prior year. The \$2,723,477 constitutes spendable fund balance that is unassigned and can be spent at the library's discretion. \$845,000 is assigned by the Library Board to cover repairs, maintenance and replacement of Library assets.

The fund balance increase of \$366,755, during the current fiscal year, was up from last year's increase of \$237,917. All sources of revenue, except fines & forfeitures and interest earnings, were up slightly in fiscal year 2014, with total expenditures also being up. Revenue increases exceeded expenditure increases, thus resulting in the fund increase for the current fiscal year being more than the previous fiscal year.

**Budgetary Highlights**

The Library submits its budget to the Board of County Commissioners each year for approval. Differences in the original budget and the final actual budget were significant for both revenues and expenditures. Actual FY14 revenues were more than budgeted amounts by \$136,363 due to property tax collection that had been previously contested, as well as an increase in Library generated income and an increase in grant revenue.

Actual expenditures did not meet the budgeted amount. The majority of the under spending was in personal services and maintenance and operations in the amounts of \$129,310 (which included anticipated retirements that were postponed), and \$280,491 respectively. Expenditures remained conservative due to continued uncertainty of financial climate and revenue from county funding.

LEWIS AND CLARK LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
June 30, 2014

**THE LIBRARY'S FUND (CONTINUED)**

**Capital Asset and Debt Administration**

**Capital assets.** The Library's investment in capital assets (net of accumulated depreciation) for its governmental type activities as of June 30, 2014 was \$1,579,800. This investment in capital assets includes land, buildings, machinery and equipment, and construction in progress. For fiscal year 2014, the Library's investment in capital assets decreased by \$83,357. The decrease resulted from the library expenditure to book the cost of its annual depreciation.

<b>Capital Assets</b>		
(net of depreciation)		
	Governmental Activities	
	2014	2013
Land	\$ 50,000	\$ 50,000
Buildings	1,314,953	1,357,554
Machinery and equipment	214,847	255,602
Total assets	<u>\$ 1,579,800</u>	<u>\$ 1,663,156</u>

The original cost of the Library building is carried on the books of Lewis and Clark County. The Library's does not have major infrastructure to report.

**Long-term debt.** As of June 30, 2014, the Library had no debt outstanding.

Additional information on capital assets and debt administration can be found in the footnotes on pages 21, 25-26, and 27, respectively.

The Library's long-term liability portion of compensated absences increased slightly from the previous fiscal year.

**Economic Factors and Next Year's Budgets**

- The current unadjusted unemployment figures for Lewis and Clark County is currently 3.7 percent. This is down .8 percent from one year ago and compares favorably with State of Montana at 4.6 percent and the nation at 6.1 percent.
- The most current median household income for Lewis and Clark County is \$50,889. This amount is down from the previous year.
- Inflationary trends in the County compare favorably to national indices.

All of these factors were considered in preparing Lewis and Clark County Library's budget for the 2015 fiscal year.

LEWIS AND CLARK LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
June 30, 2014

**THE LIBRARY'S FUND (CONTINUED)**

**Economic Factors and Next Year's Budgets (Continued)**

In Fiscal Year 2015, budget highlights include funding of the Library's portion of the County-wide Energy Performance Project contract, a new roof for the Augusta Branch Library, transfer of funds to the Library Depreciation fund, and design and release of a new Library website.

**Contacting the Library's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Library's finances and to show the Library's accountability for the money it receives. If you have questions concerning this report or need additional financial information, contact the Finance Department at Lewis and Clark Library.

BASIC FINANCIAL STATEMENTS

**LEWIS AND CLARK LIBRARY**  
**STATEMENT OF NET POSITION**  
June 30, 2014

	<u>Primary Government Governmental Activity</u>	<u>Component Unit Library Foundation</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 3,237,170	\$ 94,384
Investments	451,530	518,613
Accounts Receivable	59	-
Taxes receivable, Net of Allowance	<u>480,990</u>	<u>-</u>
Total current assets	<u>4,169,749</u>	<u>612,997</u>
 Capital assets, net of depreciation	 <u>1,579,800</u>	 <u>-</u>
Total assets	<u>\$ 5,749,549</u>	<u>\$ 612,997</u>
 <b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 120,282	\$ 465
Compensated absences due within one year	<u>13,290</u>	<u>-</u>
Total current liabilities	<u>133,572</u>	<u>465</u>
 <b>LONG-TERM LIABILITIES</b>		
Compensated absences, net of current portion	<u>119,608</u>	<u>-</u>
Total long-term liabilities	<u>119,608</u>	<u>-</u>
Total liabilities	<u>253,180</u>	<u>465</u>
 <b>NET POSITION</b>		
Investment in Capital assets, net of related debt	1,579,800	-
Restricted - Library Foundation	-	612,532
Unrestricted	<u>3,916,569</u>	<u>-</u>
Total net position	<u>5,496,369</u>	<u>612,532</u>
Total liabilities and net position	<u>\$ 5,749,549</u>	<u>\$ 612,997</u>

The Notes to Financial Statements are an integral part of this statement.

LEWIS AND CLARK LIBRARY  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2014

<u>Function/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)/Revenue and Changes in Net Position</u>	<u>Component</u>
		<u>Fees, Fines, and Charge for Services</u>	<u>Operating Grants and Contributions</u>	<u>Primary Governmental Activity</u>	<u>Unit</u>
					<u>Library Foundation</u>
Primary government:					
Governmental activities					
Culture and recreation	\$ 2,893,228	\$ 125,961	\$ 1,225,300	\$ (1,541,967)	\$ -
Total primary governmental activity	<u>2,893,228</u>	<u>125,961</u>	<u>1,225,300</u>	<u>(1,541,967)</u>	<u>-</u>
Component unit:					
Library Foundation	<u>30,125</u>	<u>-</u>	<u>46,446</u>	<u>-</u>	<u>16,321</u>
Total	<u>\$ 2,923,353</u>	<u>\$ 125,961</u>	<u>\$ 1,271,746</u>	<u>\$ (1,541,967)</u>	<u>\$ 16,321</u>
General revenues:					
Property Taxes				1,793,285	-
Unrestricted investment earnings				3,216	721
Unrealized gains on investments				-	51,388
Miscellaneous				<u>55,193</u>	<u>(14,209)</u>
Total general revenue				<u>1,851,694</u>	<u>37,900</u>
Change in net position				309,727	54,221
Net position - beginning				<u>5,186,642</u>	<u>558,311</u>
Net position - ending				<u>\$ 5,496,369</u>	<u>\$ 612,532</u>

The Notes to Financial Statements are an integral part of this statement.

LEWIS AND CLARK LIBRARY  
BALANCE SHEET  
June 30, 2014

ASSETS	<u>General Fund</u>
<b>CURRENT ASSETS</b>	
County Held Cash	\$ 3,236,737
Till Cash	333
US Bank Payroll Account	100
Investments	451,530
Accounts Receivable	59
Taxes Receivable, Net of Allowance	<u>480,990</u>
Total assets	<u><u>\$ 4,169,749</u></u>
 <b>LIABILITIES AND FUND BALANCES</b>	
<b>CURRENT LIABILITIES</b>	
Accounts Payable	<u>\$ 120,282</u>
Total liabilities	<u>120,282</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Inflows of Tax Revenues	<u>480,990</u>
 <b>FUND BALANCE</b>	
Unrestricted:	
Assigned	845,000
Unassigned	<u>2,723,477</u>
Total fund balance	<u>3,568,477</u>
Total liabilities & fund balance	<u><u>\$ 4,169,749</u></u>

The Notes to Financial Statements are an integral part of this statement.

**LEWIS AND CLARK LIBRARY**  
**RECONCILIATION OF THE GOVERNMENT FUND BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
June 30, 2014

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION**

Total fund balance \$ 3,568,477

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. 1,579,800

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. 480,990

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Compensated Absences (132,898)

Net position of governmental activities \$ 5,496,369

LEWIS AND CLARK LIBRARY  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
Year Ended June 30, 2014

	<u>General Fund</u>
<b>REVENUES</b>	
Taxes	\$ 1,760,243
Intergovernmental	1,225,300
Charges for services	91,058
Fines & forfeitures	34,903
Miscellaneous	55,193
Interest earnings	<u>3,216</u>
Total revenues	<u>3,169,913</u>
 <b>EXPENDITURES</b>	
Current:	
Culture and recreation	
Personal services	1,663,519
Maintenance and operations	<u>1,139,639</u>
Total expenditures	<u>2,803,158</u>
Net change in fund balance	366,755
Fund balance, beginning	<u>3,201,722</u>
Fund balance, ending	<u>\$ 3,568,477</u>

The Notes to Financial Statements are an integral part of this statement.

**LEWIS AND CLARK LIBRARY**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2014

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

Net change in fund balance -- total governmental funds	\$ 366,755
The change in net assets reported for governmental activities in the statement of activities is 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 and reported as depreciation expenses.	
Depreciation expense	(83,357)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Long-term receivables	33,042
Under the modified accrual basis of accounting used in the governmental funds, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available.	
Compensated absences	<u>(6,713)</u>
Change in net position of governmental activities	<u><u>\$ 309,727</u></u>

LEWIS AND CLARK LIBRARY  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - GENERAL FUND - BUDGET TO ACTUAL  
Year Ending June 30, 2014

	Original and Final		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Taxes	\$ 1,692,475	\$ 1,760,243	\$ 67,768
Intergovernmental	1,200,920	1,225,300	24,380
Charges for services	70,655	91,058	20,403
Fines and forfeitures	36,000	34,903	(1,097)
Miscellaneous	26,500	55,193	28,693
Interest earnings	<u>7,000</u>	<u>3,216</u>	<u>(3,784)</u>
Total revenues	<u>3,033,550</u>	<u>3,169,913</u>	<u>136,363</u>
<b>EXPENDITURES</b>			
Current:			
Personal services	1,792,829	1,663,519	(129,310)
Maintenance & operations	859,148	1,139,639	280,491
Capital outlay	<u>49,000</u>	<u>-</u>	<u>(49,000)</u>
Total expenditures	<u>2,700,977</u>	<u>2,803,158</u>	<u>102,181</u>
Net change in fund balance	<u>\$ 332,573</u>	<u>366,755</u>	<u>\$ 34,182</u>
Fund balance, beginning		<u>3,201,722</u>	
Fund balance, ending		<u>\$ 3,568,477</u>	

The Notes to Financial Statements are an integral part of this statement.

LEWIS AND CLARK LIBRARY  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2014

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

**Organization**

The Lewis and Clark Library (the Library) was formed in 1974 by an Inter-local Library Contract executed by Lewis and Clark County (the County) and the City of Helena (the City). The County and the City each appoint two members to the Library Board of Trustees while the fifth member is jointly appointed by the City and County Commissions. The Library is funded through tax levies collected by the County.

Although the Library Board of Trustees has the legal authority to establish an annual budget and issue debt, it does not have the authority to levy taxes. The Library is legally separate from the County and the City.

**Discretely Presented Component Units**

*Lewis and Clark Library Public Foundation* – The Lewis and Clark Library Public Foundation (the Foundation) was created for the sole benefit of the Library. The Foundation’s purpose is not to support, but to enhance Library service. The Library has no legal control over the entity, but due to the Foundation’s purpose it is considered a component unit of the Library by the Governmental Accounting Standards Board.

**Basis of Presentation and Basis of Accounting**

The Library complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements.

**Government Wide and Fund Financial Statements**

The Library’s basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

*Government-Wide Financial Statements* – The statement of net position and statement of activities report information on all of the non-fiduciary activities of the Library.

The statement of net position presents the financial condition of the governmental activities of the Library at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each function of the Library’s governmental activities.

Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipient of the goods or services provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

*Fund Financial Statements* – Separate financial statements are provided for governmental funds. The focus of governmental fund financial statements is on major funds.

LEWIS AND CLARK LIBRARY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2014

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Library considers revenues to be available if they are collected by this last day of the year. Therefore, all revenue items are considered to be measurable and available only when cash is received by the Library. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Library reports the following major governmental fund:

The *General Fund* is the Library's primary operating fund. It accounts for all financial resources of the Library, except those required to be accounted for in another fund.

**Cash and Investments**

The Library implemented GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. Statement No. 40 amends Statement No. 3, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*.

In accordance with GASB No. 31, the Library has stated certain investments at fair value, when material.

The Library's cash and cash equivalents are considered to be cash on hand and demand deposits.

**Montana Community Foundation Investments**

The Montana Community Foundation (the Foundation) maintains an endowment fund of \$59,015 as of June 30, 2014 on behalf of the Lewis & Clark Library Foundation. The endowment fund represents assets of the Montana Community Foundation; however, the earnings are available for distribution to the Lewis & Clark Library Foundation in accordance with the Montana Community Foundation's spending policy. Since the assets do not belong to the Lewis & Clark Library Foundation, they are not reflected in these financial statements, but any distributed earnings have been recorded in the statement of activities.

LEWIS AND CLARK LIBRARY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2014

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property Taxes Receivable**

All Property taxes receivable are shown net of an allowance for uncollectible. The property tax receivable allowance is equal to 2% of the outstanding property taxes at fiscal year-end. At June 30, 2014, the allowance amounted to \$9,816.

All property taxes are collected by Lewis and Clark County and remitted to the Library. Property tax levies are set on or before the second Monday in August in connection with the budget process. Real property (and certain attached personal property) taxes are billed within ten days after the third Monday in October and are due in equal installments on November 30 and the following May 31. After those dates, they become delinquent (and a lien is placed upon the property). After three years, the County may exercise the lien and take title to the property. Personal property taxes, other than mobile homes, are due thirty days after billing. Mobile home taxes are billed in two halves, the first due May 31 and the second due the following November 30. The tax billings are considered past due after the respective due date and are subject to a penalty (2% of the tax charge) and monthly interest (10% annually of the tax charge).

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

**Capital Assets**

The Library capitalizes all assets purchased during the year over \$15,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Machinery and Equipment	5-10
Building Improvements	7-30

**Compensated Absences**

Employees of the Library earn vacation and sick leave at varying rates depending on longevity. Liabilities incurred for unused vacation and sick leave accumulated by employees are reported in the financial statements as accrued compensated absences. The liability for unused vacation leave is stated at 100% of accumulated hours times the employee's hourly rate of pay at June 30. The liability for unused sick leave is stated at 25% of accumulated hours times the employee's hourly rate of pay at June 30.

**Fund Balance/Net Position**

Governmental fund balances are required to be allocated to two general classifications, nonspendable and spendable.

LEWIS AND CLARK LIBRARY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2014

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Balance/Net Position (Continued)**

Nonspendable represents the portion of fund balance that the resources are not in spendable form such as inventory, and, in the general fund, long-term notes and loans receivable. Also considered nonspendable are resources that are legally required to be maintained intact (i.e. principal portion of permanent trusts).

Spendable fund balance is further categorized as restricted, committed, assigned, and unassigned.

- *Restricted* – Constraint is externally imposed by third party (grantor, contributor, etc.), state constitution or by enabling legislation by the legislature;
- *Committed* – Constraint is internally imposed by the Board of Directors by resolution by the end of the reporting period;
- *Assigned* – Constraint is internally expressed intent by the government body or authorized official(s) through budget approval process by the reporting date;
- *Unassigned* – remaining balance with no constraints.

The Board of Directors is the highest body and any constraints on funds set by it must be reported as committed if action is taken by fiscal year end. The Library's Director is generally the only other person that can impose constraints that would cause amounts to be assigned. These constraints generally relate to carrying over budget authority from prior years for projects that have been budgeted for by the Board of Directors, but were not complete as of the prior year end.

The Library does not maintain a stabilization fund or have a minimum fund balance policy.

**Fund Deficits**

No funds had a deficit balance at fiscal year 2014.

**New Accounting Pronouncements**

The Library implemented the following new accounting pronouncement for fiscal year 2014:

- Governmental Accounting Statement No. 65, Items Previously Reported as Assets and Liabilities, which is effective for the Library beginning in fiscal year 2014. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by reclassifying, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows or resources or inflows of resources, certain items that were previously reported as assets and liabilities.

LEWIS AND CLARK LIBRARY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2014

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Position**

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted resources are used first to fund appropriations.

**NOTE 2. CASH AND INVESTMENTS**

The Library participates in the Lewis and Clark County Treasurer's investment program. All funds deposited with the County Treasurer are pooled and invested in certificates of deposit, U.S. Treasury bills, and other short-term bank investments and STIP and are reported with cash at market value. Interest earnings are allocated to the Library based on average month end cash balances. Interest earnings are distributed to the Library periodically. Funds are withdrawn from the investment program as needed to pay warrants.

Montana law allows the local governing body to require security for the portion of deposits not guaranteed or insured. Deposit insurance is administered by the FDIC. Since the Library invests in a cooperative pool, pledged securities for the various individual deposits and repurchase agreements are managed by the County Treasurer. Montana Code allows the County Treasurer to take collateral up to 50% of deposits if the institution in which the deposit is made has a net worth to total assets ratio of 6% or more; and 100% if the ratio is less than 6%.

Information as to the types and amounts of fully insured deposits and collateral for deposit with securities can be obtained from the Lewis and Clark County Treasurer. Risk in the event of loss is unclear in State law, but appears to be the liability of the County government. Because of the custodial involvement of the County government, and the commingling of cash in County deposits in the name of the County Treasurer, risk classification according to GASB 40 is impracticable.

The Lewis & Clark Library Foundation is allowed to make its own investments. At June 30, 2014, the Foundation held securities with unrealized gains of \$51,388.

LEWIS AND CLARK LIBRARY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2014

**NOTE 2. CASH AND INVESTMENTS (CONTINUED)**

The composition amount of cash and investments at fair value on June 30, 2014 was as follows:

	<u>Primary Government</u>	<u>Component Unit</u>	<u>Total</u>
County Held Cash and Investments	\$ 3,236,960	\$ -	\$ 3,236,960
Investments	-	518,613	518,613
Demand Deposits	100	94,384	94,484
Cash on hand	110	-	110
	<u>\$ 3,237,170</u>	<u>\$ 612,997</u>	<u>\$ 3,850,167</u>

Custodial credit risk for deposits is the risk that in the event of a financial institution failure, the Library's deposits may not be returned, or the Library will not be able to recover the collateral securities in the possession of the outside party. The Library minimizes custodial credit risk by restrictions set forth in Library policy and state law. The Library's policy requires deposits to be 102 percent secured by collateral valued at market value. The Lewis and Clark County Treasurer maintains a listing of financial institutions, which are approved for investment purpose. Types of securities that may be pledged as collateral are detailed in Section 17-6-103 of the Montana code Annotated (MCA). Library policy requires that specific safeguards against risk of loss be evidenced when the Library does not physically hold the securities.

The Foundation does not have a custodial credit risk policy for investments. As of June 30, 2014, \$518,613 of the Foundation's investment balance was exposed to custodial credit risk.

At June 30, 2014, the carrying and bank balance of the Lewis and Clark Library Public Foundation's Demand Deposit account was \$94,484. The Foundation also has investments of \$518,613 held at a third-party safe-keeper. These investments are recorded at fair value as of June 30, 2014.

On June 30, 2014, the book value approximated the fair value Library of the investments, therefore no unrealized gain or loss was recorded for the year.

At June 30, 2014, the Library had investments in the Lewis and Clark County Investment Pool.

The following table provides information about the interest rate risks associated with the Library's deposits and investments:

<u>Investment</u>	<u>Maturities</u>	<u>Credit Risk Rating</u>	<u>Fair Value</u>
Lewis and Clark County Investment Pool	within 1 year	Not Rated	\$ 3,236,960
Mutual Funds	within 1 year	Not Rated	518,613
Demand deposits	N/A	N/A	94,484
Cash on hand	N/A	N/A	110
			<u>\$ 3,850,167</u>

LEWIS AND CLARK LIBRARY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2014

**NOTE 3. CAPITAL ASSETS**

The Library has a collection of art work and books presented for public exhibition and education that is being preserved for the future generations. The collection is not capitalized or depreciated as a part of capital assets.

Capital Asset activity for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Ending Balance</u>
<i>Capital assets not being depreciated:</i>			
Land	\$ 50,000	\$ -	\$ 50,000
Total capital assets not being depreciated	50,000	-	50,000
<i>Capital assets being depreciated:</i>			
Buildings	1,703,500	-	1,703,500
Machinery and equipment	<u>617,049</u>	<u>-</u>	<u>617,049</u>
Total capital assets being depreciated	2,320,549	-	2,095,334
<i>Less accumulated depreciation for:</i>			
Buildings	345,946	42,601	388,547
Machinery and equipment	<u>361,446</u>	<u>40,756</u>	<u>402,202</u>
Total accumulated depreciation	<u>707,392</u>	<u>83,357</u>	<u>790,749</u>
Total capital assets being depreciated, net	<u>1,613,157</u>	<u>(83,357)</u>	<u>1,304,585</u>
Capital assets, net	<u>\$ 1,663,157</u>	<u>\$ (83,357)</u>	<u>\$ 1,579,800</u>

**NOTE 4. EMPLOYEE BENEFIT PLANS**

**Montana Public Employees Retirement System**

All of the Library's employees that work half-time or more are eligible to participate in the Montana Public Employees' Retirement System (MPERS), a state-wide, cost-sharing, multiple employer, defined benefit retirement plan. The Plan is established under State law and is administered by the State of Montana. The Plan provides retirement, disability and death benefits to plan members and beneficiaries.

The Plan issues publicly available annual reports that include financial statements and required supplemental information for the Plan.

LEWIS AND CLARK LIBRARY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2014

**NOTE 4. EMPLOYEE BENEFIT PLANS (CONTINUED)**

**Montana Public Employees Retirement System (Continued)**

Those reports may be obtained from:

Montana Public Employees' Retirement System  
P.O. Box 200131  
1712 Ninth Avenue  
Helena, MT 59620-0131  
406-444-3154

Contribution rates for the Plan are required and determined by State law. Covered employees are required to contribute 7.9% of their salary to the Plan. The employer is also required to contribute 7.07% of covered payroll. The amounts contributed to the Plan during the year ended June 30, 2014 and 2013 was equal to the required contribution for each year. The amounts contributed by both the Library and its employees (including additional voluntary contributions by employees as permitted by State law) were as follows:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Employer contributions	\$ 98,504	\$ 82,643	\$ 84,518
Employee contributions	96,412	82,182	80,920

**Other Post Employee Benefits (OPEB)**

As required by state law, the Library provides employees who retire an option to continue to participate in the group health insurance plan. The Library also allows terminated employees to continue their health care coverage for 18 months past the date of termination as required by the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). At June 30, 2014, the Library had no retired employee under COBRA insurance coverage. To continue coverage, employees are required to pay the full cost of the benefits. The Library will pay the first six months of insurance for retirees with 20 years or more with the Library. As of June 30, 2014, the Library was not paying insurance for retirees.

As required by GASB Statement No. 45 Other Postemployment Benefits, the Library has calculated the liability for post-employment benefits and has determined it is immaterial to these financial statements.

LEWIS AND CLARK LIBRARY  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 June 30, 2014

**NOTE 5. LONG-TERM DEBT**

**Changes in Long-Term Liabilities**

The following is a summary of the changes in long-term liabilities for the year ended June 30, 2014:

<u>Governmental Activities</u>	<u>Balance 7/1/2013</u>	<u>Change</u>	<u>Balance 6/30/2014</u>	<u>Due Within One Year</u>
Compensated absences	<u>\$ 126,185</u>	<u>\$ 6,713</u>	<u>\$ 132,898</u>	<u>\$ 13,290</u>

**NOTE 6. FUND BALANCES**

GASB Statement No. 54 requires the Library to present the governmental fund balances by specific purposes. In the basic financial statements, the fund balance classifications are presented in the aggregate. The tables presented below further display the fund balances by major purpose.

	<u>General Fund</u>	<u>Library Foundation</u>
FUND BALANCE		
<u>Restricted:</u>		
General government commitments	<u>\$ -</u>	<u>\$ 612,532</u>
Total Restricted	<u>-</u>	<u>612,532</u>
<u>Assigned:</u>		
Total Assigned	<u>845,000</u>	<u>-</u>
Unassigned	<u>3,071,569</u>	<u>-</u>
Total fund balance	<u>\$ 3,916,569</u>	<u>\$ 612,532</u>

The Library adopted a spending policy for restricted and unrestricted fund balances with the following order of spending: restricted, assigned, committed, and lastly unassigned.

LEWIS AND CLARK LIBRARY  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2014

**NOTE 7. OPERATING LEASE COMMITMENTS**

On May 15, 2010 the Library entered into a ten year lease for a building to be occupied by the East Helena branch, with monthly lease payments of \$2,000 per month. The following is a schedule by years of future minimum rentals under the leases at June 30, 2014:

2015	\$ 24,000
2016	24,000
2017	24,000
2018	24,000
Thereafter	<u>34,000</u>
Total minimum lease payments	<u>\$ 130,000</u>

Rent charged to operations was \$24,000 for the year ended June 30, 2014.

**NOTE 8. RISK MANAGEMENT**

The Library is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, error and omissions, injuries to employees, and natural disasters. The Library purchases property and general liability insurance coverage through a commercial insurance policy. The Library's employees are covered by the State of Montana's workers' compensation fund.

**NOTE 9. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through November 20, 2014, the date which the financial statements were available for distribution.

The Library entered into a contract of \$109,000 for acquisition of a new Radio Frequency Identification management system. The project is planned to be completed in fiscal year 2015.

INDEPENDENT AUDITOR'S 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*

To the Board of Directors  
Lewis & Clark Library

We have audited, in accordance with the 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, the financial statements of the governmental activities, the discretely presented component unit, and the major fund of Lewis & Clark Library as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Lewis & Clark Library's basic financial statements, and have issued our report thereon dated November 20, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Lewis & Clark Library's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lewis & Clark Library's internal control. Accordingly, we do not express an opinion on the effectiveness of Lewis & Clark Library's internal control.

A *deficiency in internal control* exists 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Lewis & Clark Library's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Helena, Montana  
November 20, 2014

LEWIS AND CLARK LIBRARY  
SCHEDULE OF PRIOR AUDIT FINDING  
Year Ended June 30, 2014

**Summary Schedule of Prior Audit Findings:**

#2013-01:

*Condition:* Investments owned by the Library Foundation were excluded from the Foundation's system of internal control.

*Criteria:* The Foundation should have a system of internal control in place to achieve the objective of safeguarding its assets including applying appropriate reconciliation procedures to all assets owned by the Foundation to ensure all assets owned are reported on the Foundation's financial statements.

*Questioned Costs:* None

*Effect:* The Foundation's financial statements were materially misstated due to investments being inadvertently omitted.

*Context:* Investments were understated by \$316,942.

*Cause:* Management did not have appropriate internal controls in place.

*Recommendation:* We recommend management review its system of internal control to ensure all assets owned by the Foundation are appropriately safeguarded, reconciled and reported.

*Planned*

*Corrective Action:* Management and the Lewis & Clark Library are in process of implementing appropriate reconciliation procedures that will accurately reflect investments owned by the Lewis & Clark Library Foundation on all Foundation financial statements. Management is working with accounting firm to ensure investments are properly reconciled and reported on all Library Foundation monthly financial statements.

*Status:* This issue has been resolved.



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