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MOREHOUSE PARISH LIBRARY  
BASTROP, LOUISIANA

FINANCIAL REPORT

December 31, 1999

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

Release Date JUN 21 2000

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# HILL, INZINA & COMPANY

## INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Board of Control  
Morehouse Parish Library  
Bastrop, Louisiana

We have audited the accompanying general-purpose financial statements of Morehouse Parish Library (a component unit of Morehouse Parish) as of and for the two years ended December 31, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the management of Morehouse Parish Library. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Morehouse Parish Library as of December 31, 1999, and the results of its operations for the two years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2000, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Our audit of the general-purpose financial statements as of and for the two years ended December 31, 1999, was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying information listed as supplementary information in the table of contents is presented for purposes of additional analysis and is not required part of the financial statements of Morehouse Parish Library. The supplementary information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general-purpose financial statements taken as a whole.

*Hill, Bryson & Co.*

March 23, 2000

GENERAL-PURPOSE FINANCIAL STATEMENTS

(COMBINED STATEMENTS - OVERVIEW)

MOREHOUSE PARISH LIBRARY  
BASTROP, LOUISIANA

COMBINED BALANCE SHEET - FUND TYPE AND ACCOUNT GROUPS  
December 31, 1999

	Governmental		Account Groups		Totals - (Memo- randum Only)
	<u>Fund Type</u>		<u>General</u>		
	<u>General</u>	<u>General Fixed Assets</u>	<u>Long-Term Debt</u>		
<b>ASSETS AND OTHER DEBITS</b>					
Assets:					
Cash and cash equivalents	\$ 207,889	\$ -	\$ -		\$ 207,889
Investment	100,000	-	-		100,000
Ad valorem taxes receivable	301,767				301,767
Fixed assets	-	1,019,316	-		1,019,316
Other debits:					
Amount to be provided for retirement of long-term advance	-	-	20,000		20,000
<b>Total assets and other debits</b>	<u>\$ 609,656</u>	<u>\$ 1,019,316</u>	<u>\$ 20,000</u>		<u>\$ 1,648,972</u>
<b>LIABILITIES, EQUITY, AND OTHER CREDITS</b>					
Liabilities:					
Accounts payable	\$ 3,622	\$ -	\$ -		\$ 3,622
Payroll withholdings	6,361	-	-		6,361
Long-term advance	-	-	20,000		20,000
<b>Total liabilities</b>	<u>\$ 9,983</u>	<u>\$ -</u>	<u>\$ 20,000</u>		<u>\$ 29,983</u>
Equity and other credits:					
Investment in general fixed assets	\$ -	\$ 1,019,316	\$ -		\$ 1,019,316
Fund balance - unreserved and undesignated	599,673	-	-		599,673
<b>Total equity and other credits</b>	<u>\$ 599,673</u>	<u>\$ 1,019,316</u>	<u>\$ -</u>		<u>\$ 1,618,989</u>
<b>Total liabilities, equity, and other credits</b>	<u>\$ 609,656</u>	<u>\$ 1,019,316</u>	<u>\$ 20,000</u>		<u>\$ 1,648,972</u>

See notes to financial statements.



MOREHOUSE PARISH LIBRARY  
BASTROP, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND TYPE  
Year Ended December 31, 1999 and 1998

	Year Ended December 31,	
	1999	1998
Revenues:		
Taxes	\$ 310,496	\$ 317,011
Intergovernmental	99,323	52,069
Fines and forfeitures	3,108	3,133
Charges for services	3,802	2,524
Private grants	-	53,518
Interest and miscellaneous	13,450	15,879
	\$ 430,179	\$ 444,134
Expenditures:		
General government:		
Statutory charges	\$ 9,546	\$ 9,695
Culture and recreation:		
Personal services	191,272	180,765
Operating services	76,065	68,066
Materials and supplies	7,116	11,993
Travel	2,234	2,215
Intergovernmental	1,977	1,677
Debt service:		
Principal	19,000	18,000
Interest	1,708	2,779
Capital outlay	33,814	103,322
	\$ 342,732	\$ 398,512
Excess of revenues over expenditures	\$ 87,447	\$ 45,622
Fund balance - beginning	512,226	466,604
Fund balance - ending	\$ 599,673	\$ 512,226

See notes to financial statements.

MOREHOUSE PARISH LIBRARY  
BASTROP, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) -  
GOVERNMENTAL FUND TYPE  
Year Ended December 31, 1999

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Revenues:			
Taxes	\$ 306,500	\$ 316,988	\$ 10,488
Intergovernmental	53,500	100,169	46,669
Fines and forfeitures	1,561	3,108	1,547
Charges for services	1,257	3,802	2,545
Interest and miscellaneous	12,870	13,450	580
	<u>\$ 375,688</u>	<u>\$ 437,517</u>	<u>\$ 61,829</u>
Expenditures:			
General government:			
Statutory charges	\$ 1,500	\$ 9,695	\$( 8,195 )
Culture and recreation:			
Personal services	205,000	191,009	13,991
Operating services	75,000	76,427	( 1,427)
Materials and supplies	12,000	7,371	4,629
Travel	3,500	2,234	1,266
Intergovernmental	2,000	1,977	23
Debt service:			
Principal	20,750	19,000	1,750
Interest	-	1,708	( 1,708)
Capital outlay	60,000	35,002	24,998
	<u>\$ 379,750</u>	<u>\$ 344,423</u>	<u>\$ 35,327</u>
Excess (deficiency) of revenues over expenditures	\$( 4,062)	\$ 93,094	\$ 97,156
Fund balance - beginning - GAAP and non-GAAP budgetary basis	<u>512,226</u>	<u>512,226</u>	<u>-</u>
Fund balance - ending - non-GAAP budgetary basis	<u>\$ 508,164</u>	\$ 605,320	<u>\$ 97,156</u>

(continued)



MOREHOUSE PARISH LIBRARY  
BASTROP, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) -  
GOVERNMENTAL FUND TYPE (Continued)  
Year Ended December 31, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Adjustments to generally accepted accounting principles:			
Revenue accruals		( 7,189)	
Expenditure accruals		<u>1,542</u>	
 Fund balance - ending - GAAP basis		 <u>\$ 599,673</u>	

See notes to financial statements.

MOREHOUSE PARISH LIBRARY  
BASTROP, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) -  
GOVERNMENTAL FUND TYPE  
Year Ended December 31, 1998

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Revenues:			
Taxes	\$ 280,000	\$ 285,325	\$ 5,325
Intergovernmental	46,000	51,223	5,223
Fines and forfeitures	2,770	3,133	363
Charges for services	2,230	2,524	294
Private grants	53,000	53,518	518
Interest and miscellaneous	7,000	15,879	8,879
	<u>\$ 391,000</u>	<u>\$ 411,602</u>	<u>\$ 20,602</u>
Expenditures:			
General government:			
Statutory charges	\$ 1,100	\$ 9,557	\$ ( 8,457)
Culture and recreation:			
Personal services	215,426	180,430	34,996
Operating services	79,599	69,548	10,051
Materials and supplies	12,000	11,615	385
Travel	2,500	2,215	285
Intergovernmental	1,751	1,677	74
Debt service:			
Principal	18,000	18,000	-
Interest	5,000	2,779	2,221
Capital outlay	112,500	103,211	9,289
	<u>\$ 447,876</u>	<u>\$ 399,032</u>	<u>\$ 48,844</u>
Excess (deficiency) of revenues over expenditures	\$ ( 56,876)	\$ 12,570	\$ 69,446
Fund balance - beginning - GAAP and non-GAAP budgetary basis	<u>466,604</u>	<u>466,604</u>	<u>-</u>
Fund balance - ending - non-GAAP budgetary basis	<u>\$ 409,728</u>	<u>\$ 479,174</u>	<u>\$ 69,446</u>

(continued)

MOREHOUSE PARISH LIBRARY  
BASTROP, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) -  
GOVERNMENTAL FUND TYPE (Continued)  
Year Ended December 31, 1998

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable <u>(Unfavorable)</u>
Adjustments to generally accepted accounting principles:			
Revenue accruals		32,395	
Expenditure accruals		<u>657</u>	
Fund balance - ending - GAAP basis		<u>\$ 512,226</u>	

See notes to financial statements.

MOREHOUSE PARISH LIBRARY  
BASTROP, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
As of and for the Two Years Ended December 31, 1999 and 1998

Note 1. Organization and Summary of Significant Accounting Policies

Morehouse Parish Library (the "Library") is a component unit of Morehouse Parish. It was created by Ordinance No. 618 adopted by the Police Jury of Morehouse Parish on April 5, 1939. The administration of and accounting functions for funds of Morehouse Parish Library were transferred from Morehouse Parish Police Jury to Morehouse Parish Library Board of Control, effective January 1, 1983. The governing body of the Library consists of an eight member, non-compensated Board of Control which is appointed by Morehouse Parish Police Jury.

The Library provides approximately 31,200 parish citizens access to resource materials, books, magazines, films, recordings, and Internet.

The Board of Control is responsible for the hiring of a qualified librarian who is responsible for administration of day-to-day operations of the Library and supervision of employees.

The main Library and one full service branch are located at the parish seat, Bastrop, Louisiana, with four additional branches located within the parish and offering full services on a part-time basis.

The more significant of the Library's accounting policies are described below:

Basis of Presentation:

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

Financial Reporting Entity:

The Library does not possess all the corporate powers necessary to make it a legally separate entity and Morehouse Parish Police Jury holds the Library's corporate powers. For this reason, the Library is a component unit of Morehouse Parish Police Jury, the financial reporting entity.

## NOTES TO FINANCIAL STATEMENTS

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

### Fund Accounting:

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

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

Funds of the Library are classified as governmental funds. Governmental funds account for the Library's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. The governmental fund of the Library is:

General Fund - the general operating fund of the Library and accounts for all financial resources, except those required to be accounted for in other funds.

### Basis of Accounting:

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund is accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The operating statement of this fund presents increases and decreases in net current assets. The modified accrual basis of accounting is used by the governmental fund.

The modified accrual basis of accounting recognizes revenues when both "measurable" and "available". Measurable means the amount can be determined and available means collectible within the current period or soon enough thereafter to pay current liabilities. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred.



## NOTES TO FINANCIAL STATEMENTS

The major revenue susceptible to accrual is ad valorem taxes. Intergovernmental funding, fines and forfeitures, charges for services, grants, and other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

### *Budgets and Budgetary Accounting:*

The Board of Control adopted annual budgets for the General Fund for the two years ended December 31, 1999 and 1998, on October 26, 1998, and October 27, 1997, respectively. The annual budgets were prepared in accordance with the cash basis of accounting utilized by the General Fund. The Librarian is authorized to transfer budgeted amounts within and among departments; however, any revisions that alter the total expenditures resulting from revenues exceeding amounts estimated must be approved by the Board of Control. Amendments were made to both of the annual budgets and are reflected in the budget comparisons. All annual appropriations lapse at fiscal year end.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Library.

### *Cash and Cash Equivalents:*

Cash includes amounts in demand deposits and time deposits which are reported at net book value - the December 31, 1999, bank balance plus deposits in transit and less checks that have not cleared the bank as of that date. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less.

Under state law, the Library may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

### *Investments:*

Investments are limited by Louisiana Revised statute 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Nonparticipating investment contracts, generally certificates of deposit, are reported at cost, which approximates market value.



## NOTES TO FINANCIAL STATEMENTS

### Uncollectible Allowance:

The statements contain no provision for uncollectible accounts. The Library's management is of the opinion that such allowance would be immaterial in relation to the general-purpose financial statements taken as a whole.

### Fixed Assets:

Fixed assets of the governmental fund are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the General Fixed Assets Account Group. Public domain or "infrastructures" including curbs and gutters, streets and sidewalks, drainage systems and lighting systems are capitalized. Interest costs incurred during construction are not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or, if donated, assets are valued at their estimated fair value on the date of donation.

### Accumulated Compensated Absences:

Full-time professional staff of the Library earn 22 days per year of vacation. Non-professional staff members of the Library earn from ten to 20 days of vacation each anniversary year of employment, depending on length of service. Employees may not accumulate vacation. Upon resignation or retirement, employees are compensated for vacation earned but not taken during the current anniversary year of employment at the employee's current rate of pay.

The cost of vacation is recognized as a current year expenditure in the governmental fund when vacation is actually taken or when employees are paid for accrued vacation upon resignation or retirement.

No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

### Long-Term Obligations:

Long-term obligations expected to be financed from governmental fund operations are reported in the General Long-Term Debt Account Group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental fund when due.

## NOTES TO FINANCIAL STATEMENTS

### Revenue Recognition - Ad Valorem Taxes:

Ad valorem taxes attach as an enforceable lien on property as of the date the tax rolls are filed with the recorder of mortgages which, by law, must be on or before November 15 of each year. Billed taxes become delinquent on January 1 of the following year. Morehouse Parish Sheriff bills and collects the Library's property taxes using the assessed values determined by Morehouse Parish Tax Assessor. Revenues from ad valorem taxes are recognized when levied.

### Note 2. Cash, Cash Equivalents, and Investments

The following is a summary of cash, cash equivalents, and investments (book balances) at December 31, 1999:

#### Non-pooled deposits:

Non-interest bearing demand deposits	\$ 43,394
Time deposits	164,405
Investments	100,000
Petty cash	<u>90</u>
	<u>\$ 307,889</u>

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

At December 31, 1999, the carrying amount and bank balance of the Library's deposits (excluding petty cash of \$90) were \$307,799 and \$312,117, respectively. Of the bank balance, \$161,816 was covered by federal depository insurance and \$100,344 was covered by the market value of collateral held by the custodial bank in the name of the fiscal agent bank and pledged in the name of the Library. The remaining balance of \$ 49,957 was not secured by the pledge of securities and was in violation of state law.

There were no repurchase or reverse repurchase agreements at December 31, 1999.

### Note 3. Ad Valorem Taxes

For the year ended December 31, 1999 and 1998, ad valorem taxes of 3.26 mills were levied on property with assessed valuations totaling \$96,220,830 and \$97,485,415, respectively, as follows:

## NOTES TO FINANCIAL STATEMENTS

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
General corporate purposes	3.26	3.26	1999

A special election was held in October, 1999, at which time the millage renewal of 3.26 mills passed for a period of ten years beginning with the year 2000.

The following are the principal ad valorem taxpayers for the Library for the year ended December 31, 1999 (amounts expressed in thousands):

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Approximate Percentage of Total Assessed Valuation</u>	<u>Ad Valorem Tax Revenue</u>
International Paper	\$ 20,319,630	21.11%	\$ 1,253,612
Texas Gas Transmission	4,567,240	4.75%	313,771

Total ad valorem taxes levied for the years ended December 31, 1999 and 1998, were \$313,683 and \$317,805, respectively. As of December 31, 1999, ad valorem taxes receivable was \$301,767.

#### Note 4. Changes in Fixed Assets

Summaries of the changes in the General Fixed Assets Account Group are as follows:

	<u>Year Ended December 31, 1999</u>			
	Balance			Balance
	January 1, <u>1999</u>	<u>Additions</u>	<u>Retirements</u>	December <u>31, 1999</u>
Buildings	\$ 266,056	\$ -	\$ -	\$ 266,056
Furniture and equipment	136,214	5,753	-	141,967
Books	594,395	28,061	( 11,163)	611,293
	<u>\$ 996,665</u>	<u>\$ 33,814</u>	<u>\$ ( 11,163)</u>	<u>\$1,019,316</u>

	<u>Year Ended December 31, 1998</u>			
	Balance			Balance
	January 1, <u>1998</u>	<u>Additions</u>	<u>Retirements</u>	December <u>31, 1998</u>
Buildings	\$ 266,056	\$ -	\$ -	\$ 266,056
Furniture and equipment	73,754	65,780	( 3,320)	136,214
Books	593,849	37,542	( 36,996)	594,395
	<u>\$ 933,659</u>	<u>\$ 103,322</u>	<u>\$ ( 40,316)</u>	<u>\$ 996,665</u>

## NOTES TO FINANCIAL STATEMENTS

### Note 5. Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the Library for the years ended December 31, 1999 and 1998:

Balance January 1, <u>1998</u>	1998 <u>Retirements</u>	Balance December 31, <u>1998</u>	1999 <u>Retirements</u>	Balance December 31, <u>1999</u>
\$ <u>57,000</u>	\$ <u>18,000</u>	\$ <u>39,000</u>	\$ <u>19,000</u>	\$ <u>20,000</u>

Long - term debt of the Library is an advancement from Morehouse Parish Police Jury of the proceeds from a certificate of indebtedness in the principal amount of \$75,000. The advancement is being repaid to Morehouse Parish Police Jury from the proceeds of a tax levy of 3.29 mills.

The certificate of indebtedness from which the advancement originated was dated June 21, 1996, bears interest at 5.79% payable March 1 and September 1 of each year, and principal payments are due March 1 of each year.

The final payment of \$20,579 to amortize long-term debt as of December 31, 1999, including interest of \$579, is due March 1, 2000.

### Note 6. Pension Plan

#### Plan Description:

Substantially all employees of Morehouse Parish Library are members of Parochial Employees' Retirement System of Louisiana (the "System"), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Library are members of Plan A.

All permanent employees, working at least 28 hours per week who are paid wholly or in part from parish funds, and all elected parish officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to three percent of their final-average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only before January 1, 1980, the benefit is equal to one percent of final average salary plus \$24 for each year of



## NOTES TO FINANCIAL STATEMENTS

supplemental-plan-only service earned before January 1, 1980, plus three percent of final average salary for each year of service credited after the revision date.

Final-average salary is the employee's average salary over the 36 consecutive or joined months that produces the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System 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 Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (504)928-1361.

### Funding Policy:

Under Plan A, members are required by state statute to contribute 9.5 percent of their annual covered salary and the Library is required to contribute at an actuarially determined rate. The current rate is 7.75 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Library are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Library's contributions to the System under Plan A for the years ended December 31, 1999, 1998, and 1997 were \$10,075, \$9,291 and \$9,598, respectively, equal to the required contributions for each year.

### Note 7. Risk Management

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Library carries commercial insurance for all risks of loss, including workers' compensation and employee health and accident insurance. Settlement amounts have not exceeded insurance coverage for the current year or three prior fiscal years.

MOREHOUSE PARISH LIBRARY  
BASTROP, LOUISIANA

SCHEDULE OF GENERAL FUND REVENUES - BUDGET AND ACTUAL  
(NON-GAAP BUDGETARY BASIS)  
Year Ended December 31, 1999

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Taxes:			
Ad valorem	\$ 306,500	\$ 316,988	\$ 10,488
Intergovernmental:			
State revenue sharing	\$ 38,500	\$ 36,585	\$( 1,915)
State aid	<u>15,000</u>	<u>63,584</u>	<u>48,584</u>
	\$ 53,500	\$ 100,169	\$ 46,669
Fines and forfeitures	<u>\$ 1,561</u>	<u>\$ 3,108</u>	<u>\$ 1,547</u>
Charges for services:			
Copier	<u>\$ 1,257</u>	<u>\$ 3,802</u>	<u>\$ 2,545</u>
Interest and miscellaneous:			
Interest	\$ 10,188	\$ 10,459	\$ 271
Other	<u>2,682</u>	<u>2,991</u>	<u>309</u>
	\$ 12,870	\$ 13,450	\$ 580
 Total general fund revenues	 <u>\$ 375,688</u>	 <u>\$ 437,517</u>	 <u>\$ 61,829</u>



MOREHOUSE PARISH LIBRARY  
BASTROP, LOUISIANA

SCHEDULE OF GENERAL FUND REVENUES - BUDGET AND ACTUAL  
(NON-GAAP BUDGETARY BASIS)  
Year Ended December 31, 1998

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Taxes:			
Ad valorem	\$ 280,000	\$ 285,325	\$ 5,325
Intergovernmental:			
State revenue sharing	\$ 36,000	\$ 35,553	\$( 447)
State aid	<u>10,000</u>	<u>15,670</u>	<u>5,670</u>
	\$ 46,000	\$ 51,223	\$ 5,223
Fines and forfeitures	<u>\$ 2,770</u>	<u>\$ 3,133</u>	<u>\$ 363</u>
Charges for services:			
Copier	<u>\$ 2,230</u>	<u>\$ 2,524</u>	<u>\$ 294</u>
Private grants	<u>\$ 53,000</u>	<u>\$ 53,518</u>	<u>\$ 518</u>
Interest and miscellaneous:			
Interest	\$ 7,000	\$ 10,500	\$ 3,500
Other	<u>-</u>	<u>5,379</u>	<u>5,379</u>
	<u>\$ 7,000</u>	<u>\$ 15,879</u>	<u>\$ 8,879</u>
 Total general fund revenues	 <u>\$ 391,000</u>	 <u>\$ 411,602</u>	 <u>\$ 20,602</u>

MOREHOUSE PARISH LIBRARY  
BASTROP, LOUISIANA

SCHEDULE OF GENERAL FUND EXPENDITURES - BUDGET AND ACTUAL  
(NON-GAAP BUDGETARY BASIS)  
Year Ended December 31, 1999

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
General government:			
Statutory charges	\$ 1,500	\$ 9,695	\$( 8,195)
Culture and recreation:			
Personal services:			
Salary - director	\$ 31,306	\$ 32,930	\$( 1,624)
Salaries - other	119,022	93,180	25,842
Salaries - students	11,885	22,609	( 10,724)
Payroll taxes - employer	2,691	2,106	585
Retirement - employer	-	10,037	( 10,037)
Group health insurance - employer	35,038	23,662	11,376
Employment security - employer	4,973	3,926	1,047
Workers' compensation insurance - employer	85	2,559	( 2,474)
Total personal services	<u>\$ 205,000</u>	<u>\$ 191,009</u>	<u>\$ 13,991</u>
Operating services:			
Dues	\$ 1,125	\$ 585	\$ 540
Printing	1,125	2,217	( 1,092)
Electricity, gas, water, and sewage	15,000	16,001	( 1,001)
Postage and box rent	1,500	1,973	( 473)
Telephone	3,750	2,906	844
Electronic communications	13,125	220	12,905
Rent - buildings and equipment	5,250	6,131	( 881)
Maintenance - grounds	2,250	2,290	( 40)
Maintenance - buildings	9,000	20,660	( 11,660)
Maintenance - furniture and office	3,375	711	2,664
Contractual - pest control	1,875	758	1,117
Contractual - janitorial	6,000	7,800	( 1,800)
Contractual - furniture and office	1,875	3,456	( 1,581)
Accounting	5,250	4,274	976
Insurance - fire and casualty	3,000	4,775	( 1,775)
Insurance - fidelity bond	1,500	1,670	( 170)
Total operating services	<u>\$ 75,000</u>	<u>\$ 76,427</u>	<u>\$( 1,427)</u>

MOREHOUSE PARISH LIBRARY  
BASTROP, LOUISIANA

SCHEDULE OF GENERAL FUND EXPENDITURES - BUDGET AND ACTUAL  
(NON-GAAP BUDGETARY BASIS) (Continued)  
Year Ended December 31, 1999

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Material and supplies:			
Office	\$ 9,000	\$ 6,594	\$ 2,406
Buildings and grounds	3,000	777	2,223
Total materials and supplies	<u>\$ 12,000</u>	<u>\$ 7,371</u>	<u>\$ 4,629</u>
Travel	<u>\$ 3,500</u>	<u>\$ 2,234</u>	<u>\$ 1,266</u>
Intergovernmental:			
Trail Blazer Library grant	<u>\$ 2,000</u>	<u>\$ 1,977</u>	<u>\$ 23</u>
Debt service:			
Principal	\$ 20,750	\$ 19,000	\$ 1,750
Interest	-	1,708	( 1,708)
Total debt service	<u>\$ 20,750</u>	<u>\$ 20,708</u>	<u>\$ 42</u>
Capital outlay:			
Acquisitions - equipment and office	\$ 13,333	\$ 5,753	\$ 7,580
Acquisitions - books and periodicals	46,667	28,332	18,335
Acquisitions - other	-	917	( 917)
Total capital outlay	<u>\$ 60,000</u>	<u>\$ 35,002</u>	<u>\$ 24,998</u>
Total general fund expenditures	<u>\$ 379,750</u>	<u>\$ 344,423</u>	<u>\$ 35,327</u>

MOREHOUSE PARISH LIBRARY  
BASTROP, LOUISIANA

SCHEDULE OF GENERAL FUND EXPENDITURES - BUDGET AND ACTUAL  
(NON-GAAP BUDGETARY BASIS)  
Year Ended December 31, 1998

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
General government:			
Statutory charges	\$ 1,100	\$ 9,557	\$( 8,457)
Culture and recreation:			
Personal services:			
Salary - director	\$ 32,926	\$ 32,930	\$( 4)
Salaries - other	125,000	86,807	38,193
Salaries - students	15,000	20,190	( 5,190)
Payroll taxes - employer	2,260	1,970	290
Retirement - employer	11,051	9,189	1,862
Group health insurance - employer	23,616	25,643	( 2,027)
Employment security - employer	4,505	3,639	866
Workers' compensation insurance - employer	1,068	62	1,006
Total personal services	<u>\$ 215,426</u>	<u>\$ 180,430</u>	<u>\$ 34,996</u>
Operating services:			
Dues	\$ 1,500	\$ 1,050	\$ 450
Printing	1,500	850	650
Electricity, gas, water, and sewage	18,000	16,660	1,340
Postage and box rent	1,500	1,597	( 97)
Telephone	8,000	6,244	1,756
Rent - buildings and equipment	6,999	5,880	1,119
Maintenance - grounds	3,000	2,407	593
Maintenance - buildings	12,000	11,466	534
Maintenance - furniture and office	4,500	3,557	943
Contractual - pest control	1,000	1,976	( 976)
Contractual - janitorial	8,000	7,800	200
Contractual - furniture and office	2,500	2,159	341
Accounting	7,000	4,560	2,440
Insurance - fire and casualty	4,000	1,672	2,328
Insurance - fidelity bond	100	1,670	( 1,570)
Total operating services	<u>\$ 79,599</u>	<u>\$ 69,548</u>	<u>\$ 10,051</u>

(continued)

MOREHOUSE PARISH LIBRARY  
BASTROP, LOUISIANA

SCHEDULE OF GENERAL FUND EXPENDITURES - BUDGET AND ACTUAL  
(NON-GAAP BUDGETARY BASIS) (Continued)  
Year Ended December 31, 1998

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable <u>(Unfavorable)</u>
Material and supplies:			
Office	\$ 9,500	\$ 10,101	\$( 601)
Buildings and grounds	<u>2,500</u>	<u>1,514</u>	<u>986</u>
Total materials and supplies	<u>\$ 12,000</u>	<u>\$ 11,615</u>	<u>\$ 385</u>
Travel	<u>\$ 2,500</u>	<u>\$ 2,215</u>	<u>\$ 285</u>
Intergovernmental:			
Trail Blazer Library grant	<u>\$ 1,751</u>	<u>\$ 1,677</u>	<u>\$ 74</u>
Debt service:			
Principal	\$ 18,000	\$ 18,000	\$ -
Interest	<u>5,000</u>	<u>2,779</u>	<u>2,221</u>
Total debt service	<u>\$ 23,000</u>	<u>\$ 20,779</u>	<u>\$ 2,221</u>
Capital outlay:			
Acquisitions - equipment and office	\$ 5,000	\$ 65,780	\$( 60,780)
Acquisitions - books and periodicals	107,500	36,437	71,063
Acquisitions - other	<u>-</u>	<u>994</u>	<u>( 994)</u>
Total capital outlay	<u>\$ 112,500</u>	<u>\$ 103,211</u>	<u>\$ 9,289</u>
 Total general fund expenditures	 <u><u>\$ 447,876</u></u>	 <u><u>\$ 399,032</u></u>	 <u><u>\$ 48,844</u></u>



# HILL, INZINA & COMPANY

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

Board of Control  
Morehouse Parish Library  
Bastrop, Louisiana

We have audited the general-purpose financial statements of Morehouse Parish Library (a component unit of Morehouse Parish) as of and for the two years ended December 31, 1999, and have issued our report thereon dated March 23, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

## Compliance

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 99-2.

## Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Library's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 99-1.



A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable conditions described above to be material weaknesses.

This report is intended solely for the information and use of management, others within the organization, Board of Control, and awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Hill, Arzoo & Co.*

March 23, 2000

MOREHOUSE PARISH LIBRARY  
BASTROP, LOUISIANA

MANAGEMENT'S CORRECTIVE ACTION PLAN FOR CURRENT FINDINGS  
Years Ended December 31, 1999 and 1998

We have audited the general-purpose financial statements of Morehouse Parish Library, as of and for the two years ended December 31, 1999 and 1998, and have issued our report thereon dated March 23, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 1999, resulted in an unqualified opinion.

Section I - Summary of Auditor's Reports

Report on Compliance and on Internal Control Material to Financial Statements

Compliance

Compliance Material to Financial Statements  Yes  No

Internal Control

Material Weaknesses  Yes  No Reportable Conditions  Yes  No

Section II- Financial Statement Findings

1999-1 Inadequate Segregation of Duties (finding was cited in latest audit of Library conducted by our firm as of and for the year ended December 31, 1993)

Criteria: Adequate segregation of duties is essential to a proper internal control structure.

Condition: The segregation of duties is inadequate to provide effective internal control.

Effect: Not determined.

Cause: The condition is due to economic and space limitations.

Recommendation: No action is recommended.

Management's  
response and  
planned cor-  
rective action: We concur in the finding, but it is not economically feasible nor does  
space allow for corrective action to be taken.

1999-2 Unsecured Deposits (initial citing)

Criteria: Under state law, bank balances must be secured by federal deposit  
insurance or the pledge of securities owned by the fiscal agent bank.

Condition: As of December 31, 1999, the market value of pledged securities  
plus the federal deposit insurance was \$49,957 less than the amount  
on deposit with a local fiscal agent.

Effect: Deposits of the Library were uninsured and uncollateralized.

Cause: Market value of pledged securities was not adequately monitored.

Recommendation: The Librarian should monitor the market value of securities pledged  
on behalf of the Library's funds to insure adequacy of pledging.

Management's  
response and  
planned cor-  
rective action: We concur in the finding and will monitor the market value of  
pledged securities on a more frequent basis.

MOREHOUSE PARISH LIBRARY  
BASTROP, LOUISIANA

SUMMARY SCHEDULE OF FINDINGS FOR YEAR ENDED DECEMBER 31, 1997  
Years Ended December 31, 1999 and 1998

Section I - Agreed-Upon Procedures

None issued.

Section II - Management Letter

None issued.