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DESOTO PARISH LIBRARY  
DESOTO PARISH POLICE JURY  
Mansfield, Louisiana

Basic Financial Statements  
With Independent Auditor's Reports  
As of and for the Year Ended December 31, 2007  
(With Comparative Totals at December 31, 2006)

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

Release Date 7/30/08

DESOTO PARISH LIBRARY  
 DESOTO PARISH POLICE JURY  
 Mansfield, Louisiana

Basic Financial Statements  
 With Independent Auditor's Reports  
 As of and for the Year Ended December 31, 2007  
 (With Comparative Totals at December 31, 2006)

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**REQUIRED SUPPLEMENTAL INFORMATION (PART I)**

**DESOTO PARISH LIBRARY**  
Mansfield, Louisiana  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended December 31, 2007

The discussion and analysis of the DeSoto Parish Library's financial performance provides an overview of the financial activities as of and for the year ended December 31, 2007, with comparative totals for the year ended December 31, 2006. It should be read in conjunction with the basic financial statements and the accompanying notes to the financial statements.

**FINANCIAL HIGHLIGHTS**

The basic financial statements of the DeSoto Parish Library, as of and for the year ended December 31, 2007, provides the following insights into the financial position and the results of operations. Governmental funds (Statement E) reported a fund balance of \$2,666,239, an increase of \$252,837 or 113 per cent from the prior year. Total spending for all programs was \$2,007,129 for the year, a decrease of \$1,955,575 or 49 per cent from the prior year. The decrease, in expenditures is due to the completion of a major capital improvement program within the library system, which began in previous years.

**USING THIS ANNUAL REPORT**

The library's basic financial statements consists of a series of financial statements that show information for the library as a whole, its funds, and its financial responsibilities. The Statement of Net Assets (Statement A) and the Statement of Activities (Statement B), provide information about the activities of the library as a whole and present a longer-term view of the library's finances. The governmental fund financial statements of the library are reported on Statement C and Statement E. For the library's governmental activities, these statements report how the library finances its services in the short-term as well as what remains for future spending. Fund statements may also provide insights into the library's overall financial position. Fund financial statements also report the library's operations in more detail than the government-wide financial statements by providing information about the library's general fund. Additionally, the fund financial statements, provide detail information about the general fund of the library, but not the library as a whole. The general fund is required to be established by State law to enable the library to control and manage financial resources for particular purposes or to demonstrate that the library is meeting legal requirements for the expenditure of revenues.

The Statement of Net Assets and the Statement of Activities are reported 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 reported regardless of when cash is received and/or paid. These statements present the governmental activities of the library which comprises all of the library's services.

**DESOTO PARISH LIBRARY**  
Mansfield, Louisiana  
Management's Discussion and Analysis  
(Continued)

These statements report the library's net assets - the difference between assets and liabilities, as reported in the Statement of Net Assets - as a way to measure the library's financial position. Increases or decreases in the library's net assets, as reported in the Statement of Activities, are an indicator of whether the library's financial position is improving or deteriorating. The difference between revenues and expenses presents the library's operating results; however, the library's objective is to provide services to the residents of the parish and the public in general, and not to generate profits as a commercial enterprise.

The library's services are reported in governmental funds which focus on showing how financial resources flow into and out of funds and the balances remaining at year-end that may be available for future spending, using the modified accrual basis of accounting, which measures cash and other financial assets that may be readily converted to cash. This basis of accounting provides a detailed short-term view of the library's operations and the services it provides. The governmental fund information enables financial statement users to determine whether there are more or fewer financial resources that can be spent in the near future to finance the library's programs. The relationship between governmental activities reported in the government-wide financial statements (Statement A and B) and the governmental funds in the fund financial statements (Statement C and E) is presented in a reconciliation on Statements D and F.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)**

As reported on the Statement of Net Assets (Statement A), the library's net assets were \$5,009,503, at December 31, 2007. This represents a net increase of \$1,250,226, or 33 per cent from the prior year. The unrestricted net assets of the governmental activities represents the accumulated results of all past year's operations. It means that if the library had to pay off all of its liabilities at December 31, 2007, \$2,597,256 would remain.

As reported in the Statement of Activities, (Statement B) the results of this year's operations for the library reflected an increase of \$1,250,226 or 16 per cent. The library intends to closely monitor future expenditures with adherence to the approved budget to ensure financial stability.

**FUND FINANCIAL STATEMENTS (FFS)**

As reported on the Governmental Fund Balance Sheet, (Statement C) the library reported total assets of \$2,675,988, this is a decrease of approximately \$181,500 or 6 per cent from the prior year.

**DESOTO PARISH LIBRARY**  
Mansfield, Louisiana  
Management's Discussion and Analysis  
(Continued)

As reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance (Statement E), the total revenues increased by \$290,749 or 14 per cent and expenditures increased by \$1,955,575 or 49 per cent from the prior year, due primarily to the completion of a major capital improvement project for the library branches.

**BUDGETARY HIGHLIGHTS**

Budgetary information presented on Schedule 1, demonstrates the level of budgetary control exercised by the library as well as compliance with State law relating to budgets and the budgetary process. Actual revenues exceed budgeted revenues by \$857,177 or 38 per cent and actual expenditures were less than budgeted expenditures by \$424,067 or 21 per cent.

**CAPITAL ASSETS**

The capital assets of the library consists of furniture, equipment and library collections. The original land and buildings utilized by the library in its operations are, in accordance with Louisiana law, titled in the name of the Desoto Parish Police Jury. These immovables, with an acquisition cost of \$1,193,000 and a net book value of \$570,156 are accounted for by the Desoto Parish Police Jury. At December 31, 2007, the library had investments in capital assets (net of accumulated depreciation) totaling \$4,402,247. This is an increase of \$706,999 or 19 per cent from the prior year, primarily due to the initiation of a major capital improvement program.

**LONG-TERM DEBT**

At December 31, 2007, the DeSoto Parish Library had total debt outstanding of \$1,990,000, comprised of certificates of indebtedness issued in December 2005. Additional information on the long-term debt, including annual debt service funding requirements, can be found in the Note section of this report.

**CONTACTING THE LIBRARY**

The financial report is designed to provide a general overview of the library's finances and to show accountability for the financial resources received. Questions about this report or requests for additional financial information should be directed to the Ms. Bethany Diane Ryder, Director, DeSoto Parish Library, 109 Crosby Street, Mansfield, LA 71309, at phone number 318-872-6100.

**HERBIE W. WAY**  
**CERTIFIED PUBLIC ACCOUNTANT**

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Alexandria, LA 71303  
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**INDEPENDENT AUDITOR'S REPORT**

**DESOTO PARISH LIBRARY**  
**DESOTO PARISH POLICE JURY**  
Mansfield, Louisiana

I have audited the basic financial statements of the Desoto Parish Library, a component unit of the Desoto Parish Police Jury, as of December 31, 2007, and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the Desoto Parish Library's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Desoto Parish Library as of December 31, 2007, and the results of operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Required Supplementary Information (Part I & II), as listed in the foregoing table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. This Required Supplementary Information is the responsibility of the management of the Desoto Parish Library. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

DESOTO PARISH LIBRARY  
INDEPENDENT AUDITOR'S REPORT  
CONTINUED

In accordance with Government Auditing Standards, I have also issued a report dated June 25, 2008, on my consideration of internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

The financial information for the year ended December 31, 2006, which is included for comparative purposes, was taken from the financial report for that year in which I expressed an unqualified opinion dated June 7, 2006, on the basic financial statements of the Desoto Parish Library.

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

*Herbie W. Way*

Herbie W. Way  
Alexandria, Louisiana  
June 25, 2008

**DESOTO PARISH LIBRARY  
DESOTO PARISH POLICE JURY  
Mansfield, Louisiana**

Basic Financial Statements  
As of December 31, 2007, and for the Year Then Ended

DESOTO PARISH LIBRARY  
 DESOTO PARISH POLICE JURY  
 Mansfield, Louisiana

Statement of Net Assets  
 December 31, 2007  
 (With Comparative Totals, December 31, 2006)

	2007	2006
Cash and cash equivalents	\$1,909,616	\$2,230,736
Receivables:		
Ad valorem taxes	650,516	517,988
Sales and use taxes	98,114	96,656
State revenue sharing	17,742	12,107
Capital assets, net	4,402,247	3,695,248
<b>TOTAL ASSETS</b>	<b>\$7,078,235</b>	<b>\$6,552,736</b>
<b>LIABILITIES</b>		
Liabilities:		
Accounts payable	\$9,748	\$444,085
Interest payable	68,984	79,374
Long-term liabilities:		
Due within one year	297,000	280,000
Due in more than one year	1,693,000	1,990,000
<b>Total liabilities</b>	<b>2,068,732</b>	<b>2,793,459</b>
<b>NET ASSETS</b>		
Invested in capital assets	2,412,247	3,695,248
Reserved for construction contracts		386,431
Unrestricted	2,597,256	(322,402)
<b>TOTAL NET ASSETS</b>	<b>\$5,009,503</b>	<b>\$3,759,277</b>

The accompanying notes are an integral part of these financial statements.

DESOTO PARISH LIBRARY  
 DESOTO PARISH POLICE JURY  
 Mansfield, Louisiana

Statement of Activities  
 For the Year Ended December 31, 2007  
 (With Comparative Totals for the Year Ended December 31, 2006)

	2007	2006
	-----	-----
EXPENSES		
-----		
Current - General Government - Taxation:		
Personal services and related benefits	\$509,144	\$457,135
Operating services	159,874	183,502
Materials and supplies	38,655	72,981
Travel and other charges	14,951	6,977
Debt service - interest expense	68,984	79,374
Depreciation expense	218,132	86,778
	-----	-----
TOTAL EXPENSES	1,009,740	886,747
	-----	-----
GENERAL REVENUES		
-----		
Ad valorem taxes	728,491	535,006
Sales and use taxes	1,356,346	1,109,316
State grants	51,795	57,503
Fees, charges, and commissions for services	20,609	17,724
Interest earnings	100,137	238,438
Other	2,589	11,230
	-----	-----
TOTAL GENERAL REVENUES	2,259,966	1,969,217
	-----	-----
CHANGES IN NET ASSETS	1,250,226	1,082,470
-----		
NET ASSETS - BEGINNING OF YEAR	3,759,277	2,676,807
-----		
NET ASSETS - END OF YEAR	\$5,009,503	\$3,759,277
-----	=====	=====

The accompanying notes are an integral part of these financial statements.

DESOTO PARISH LIBRARY  
 DESOTO PARISH POLICE JURY  
 Mansfield, Louisiana  
 GOVERNMENTAL FUND - GENERAL FUND

Balance Sheet, December 31, 2007  
 (With Comparative Totals, December 31, 2006)

	2007	2006
	-----	-----
ASSETS		
-----		
Cash and cash equivalents	\$1,909,616	\$2,230,736
Receivables		
Ad valorem taxes	650,516	517,988
State revenue sharing	17,742	12,107
Sales and use taxes	98,114	96,656
	-----	-----
TOTAL ASSETS	\$2,675,988	\$2,857,488
	=====	=====
LIABILITIES AND FUND BALANCE		
-----		
Liabilities - accounts and other payables	\$9,748	\$444,085
Fund Balance:		
Reserved for signed but incomplete contracts		386,431
Unreserved/undesignated	2,666,239	2,026,972
	-----	-----
Total fund balance	2,666,239	2,413,403
	-----	-----
TOTAL LIABILITIES AND FUND BALANCE	\$2,675,988	\$2,857,488
	=====	=====

The accompanying notes are an integral part of these financial statements.

DESOTO PARISH LIBRARY  
 DESOTO PARISH POLICE JURY  
 Mansfield, Louisiana

Reconciliation of the Governmental Fund  
 Balance Sheet to the Statement of Net Assets  
 December 31, 2007  
 (With Comparative Totals, December 31, 2006)

	2007	2006
Total Fund Balance - Governmental Fund	\$2,666,239	\$2,413,403
Cost of capital assets	\$6,564,646	
Less - accumulated depreciation	(2,162,399)	3,695,248
Long-term liabilities:		
Certificates of indebtedness	(1,990,000)	
Interest payable - current	(68,984)	(2,349,374)
Net Assets	\$5,009,503	\$3,759,277

The accompanying notes are an integral part of these financial statements.

DESOTO PARISH LIBRARY  
 DESOTO PARISH POLICE JURY  
 Mansfield, Louisiana  
 GOVERNMENTAL FUND - GENERAL FUND

Statement of Revenues, Expenditures, and Changes in Fund Balances  
 For the Year Ended December 31, 2007  
 (With Comparative Totals for the Year Ended December 31, 2006)

	2007	2006
	-----	-----
REVENUES		
-----		
Ad valorem taxes	\$728,491	\$535,006
Sales and use taxes	1,356,346	1,109,316
State grants and entitlements	51,795	57,503
Fees, charges, and commissions for services	20,609	17,724
Interest earnings	100,137	238,438
Gifts, grants, and donations	2,589	11,230
	-----	-----
Total revenues	2,259,966	1,969,217
	-----	-----
EXPENDITURES		
-----		
Current - Culture and Recreation - Libraries:		
Personal services and related benefits	509,144	457,135
Operating services	227,264	145,638
Materials and supplies	38,655	72,981
Travel and other charges	14,951	6,977
Debt service	359,374	65,367
Capital outlay	857,741	3,214,606
	-----	-----
Total expenditures	2,007,129	3,962,705
	-----	-----
EXCESS OF REVENUES OVER EXPENDITURES	252,837	(1,993,487)
-----		
FUND BALANCE AT BEGINNING OF YEAR	2,413,403	4,406,890
-----		
FUND BALANCE AT END OF YEAR	\$2,666,239	\$2,413,403
-----	=====	=====

The accompanying notes are an integral part of these financial statements.

DESOTO PARISH LIBRARY  
 DESOTO PARISH POLICE JURY  
 Mansfield, Louisiana

Reconciliation of the Governmental Funds  
 Statement of Revenues, Expenditures, and Changes  
 in Fund Balances to the Statement of Activities

For the Year Ended December 31, 2007  
 (With Comparative Totals for the Year Ended December 31, 2006)

	2007	2006
	-----	-----
Total net change in fund balances - governmental funds	\$252,837	(\$1,993,487)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation in the period:		
Capital outlays	\$817,716	
Depreciation expense	(110,717)	
	-----	
	706,999	3,089,965
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		
	(68,984)	(14,007)
Issuance of long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because it is recognized as an other financing source in the funds when it is received, and thus provides the use of current financial resources. In the Statement of Activities, however, issuance of long-term debt is not recognized as a source of funding.		
	359,374	NONE
	-----	-----
Change in net assets of governmental activities	\$1,250,226	\$1,082,470
	=====	=====

The accompanying notes are an integral part of these financial statements.

**DESOTO PARISH LIBRARY  
DESOTO PARISH POLICE JURY  
Mansfield, Louisiana**

Notes to the Financial Statements  
As of and for the Year Ended December 31, 2007

**INTRODUCTION**

The Desoto Parish Library was established by the parish governing authority under the provisions of Louisiana Revised Statute 25:211. The library provides citizens of the parish access to library materials, books, magazines, records, and films through a central library, several branches, and service outlets. The library is governed by a 6-member board of control that is appointed by the parish police jury in accordance with the provisions of Louisiana Revised Statute 25:214. The members of the board of control serve without pay.

Effective July 1, 2004, the administration of and accounting functions for funds of the Desoto Parish Library were transferred from the Desoto Parish Police Jury to the Desoto Parish Library Board of Control. Prior to January 1, 2004, the financial statements of the Desoto Parish Library were reported as a governmental fund of the Desoto Parish Police Jury.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

The accompanying financial statements of the Desoto Parish Library have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements has been prepared in conformity with GASB Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, issued in June 1999.

**B. REPORTING ENTITY**

As the governing authority of the parish, for reporting purposes, the Desoto Parish Police Jury is the financial reporting entity for Desoto Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Desoto Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

**DESOTO PARISH LIBRARY**  
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Notes to the Financial Statements (Continued)

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the police jury to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury has the ability to impose its will on the Desoto Parish Library and/or there exists the potential for the Desoto Parish Library to provide specific financial benefits to or impose specific financial burdens on the police jury, the Desoto Parish Library was determined to be a component unit of the Desoto Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the library and do not present information on the police jury, the general government service provided by that governmental unit, or other governmental units that comprise the financial reporting entity.

**C. FUND ACCOUNTING**

The library uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

**Governmental Funds**

Governmental funds account for all of the library's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, the fund balance represents the accumulated expendable resources that may be used to finance future operations of the library. The library's current operations require the use of only governmental (general) fund. The General Fund is the general operating fund of the library and accounts for all financial resources.

DESOTO PARISH LIBRARY  
DESOTO PARISH POLICE JURY  
Mansfield, Louisiana  
Notes to the Financial Statements (Continued)

**D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING**

**Government-Wide Financial Statements (GWFS)** - include the Statement of Net Assets (Statement A) and the Statement of Activities (Statement B). These financial statements report the financial position and results of operations for the library as a whole. Fiduciary funds are not included at this level, as they are only reported in the Statement of Fiduciary Net Assets at the fund financial statement level. The Government-Wide Financial Statements were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.

**Program Revenues** - Program revenues included in the Statement of Activities (Statement B) derive directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the general revenues.

**Allocation of Indirect Expenses** - The library reports all direct expenses by function in the Statement of Activities (Statement B). Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function. Depreciation which cannot be specifically identified by function is assigned to the depreciation expense due to the fact that the assets serve multiple purposes.

**Fund Financial Statements (FFS)** - governmental funds are 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 statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. Fund financial statements report detailed information about the library. The focus of governmental fund financial statements is on major funds rather than reporting funds by type.

**DESOTO PARISH LIBRARY**  
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Mansfield, Louisiana  
Notes to the Financial Statements (Continued)

Governmental funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The library considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred. The governmental funds use the following practices in recording revenues and expenditures:

**Revenues**

Ad valorem taxes and the related state revenue sharing are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1995 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December of the current year and January and February of the ensuing year.

Interest income on time deposits is recorded when the time deposits have matured and the income is available.

Based on the above criteria, ad valorem tax and the related state revenue sharing are treated as susceptible to accrual.

**Expenditures**

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

**E. BUDGET PRACTICES**

A proposed budget is published in the official journal at least ten days prior to a public hearing. The public hearing is held at the library's office during the month of December for comments from taxpayers. The proposed budget is then legally adopted and amended during the year, as necessary, by the library. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. Formal budgetary integration is not employed as a management control device during the year. Encumbrances are not recorded or recognized in the budget of the library. Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts and all subsequent amendments.

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Mansfield, Louisiana  
Notes to the Financial Statements (Continued)

**F. ENCUMBRANCES**

Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed. However, outstanding purchase orders are taken into consideration before expenditures are incurred in order to assure that applicable appropriations are not exceeded.

**G. CASH AND CASH EQUIVALENTS**

Cash includes amounts in demand deposit, interest bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those income-producing items with original maturities of usually 90 days or less. Under state law, the library may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Under state law, the library may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

**H. INVESTMENTS**

In accordance with Louisiana Revised Statute (LSA-R.S.) 32:2955, the library, upon determination of the availability of funds in excess of immediate cash requirements, may invest in direct United States Treasury obligations; bonds, debentures, notes, or other evidence of indebtedness guaranteed by federal agencies or United States government instrumentalities, provided that such obligations are backed by the full faith and credit of the United States government; and savings accounts and certificates of deposit of state banks organized under the laws of Louisiana or national banks having their principal offices in the state of Louisiana. Additionally, the library may invest in mutual or trust fund institutions (limited to 25 per cent of the funds considered available for investment under this section) provided that they are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940 and have underlying investments consisting solely of securities of the United States government or its agencies. Investments are stated at fair value.

**I. CAPITAL ASSETS**

Capital assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The library maintains a threshold level of \$5,000 or more for capitalizing capital assets for reporting purposes. Capital assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets are depreciated using the straight-line method with estimated useful lives as follows:

**DESOTO PARISH LIBRARY**  
**DESOTO PARISH POLICE JURY**  
Mansfield, Louisiana  
Notes to the Financial Statements (Continued)

Description	Estimated Useful Life
Buildings and improvements	40 years
Furniture and fixtures	10 - 20 years
Machinery and equipment	5 - 10 years
Vehicles	5 - 8 years
Library collection	5 years

**J. RESTRICTED NET ASSETS**

For Government-Wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either, externally imposed by creditors (such as debt covenants, construction contracts, etc.), grantors, contributors, or laws or regulations of other governments and/or imposed by law through constitutional provisions or enabling legislation.

**K. FUND EQUITY**

In the Fund Financial Statements, Governmental Funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**L. EXTRAORDINARY AND SPECIAL ITEMS**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the library, which are either unusual in nature or infrequent in occurrence.

**M. USE OF ESTIMATES**

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported on the basic financial statements and the related note disclosure at the date of the financial statements. Actual results could differ from those estimates.

DESOTO PARISH LIBRARY  
 DESOTO PARISH POLICE JURY  
 Mansfield, Louisiana  
 Notes to the Financial Statements (Continued)

2. CASH AND EQUIVALENTS

At December 31, 2007, the library has cash and cash equivalents (book balances) as follows:

Petty cash	\$6
Demand deposits - interest bearing	547,727
LAMP	<u>1,361,883</u>
Total	<u>\$1,909,616</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash and cash equivalents (bank balances) totaling \$561,540 at December 31, 2007 are secured by \$100,000 federal deposit insurance (GASB Category 1) and \$461,540 of pledged securities held by the custodial banks in the name of the fiscal agent bank (GASB Category 3). Because the pledged securities are held by a custodial bank in the name of the fiscal agent bank rather than in the name of the library, they are considered uncollateralized under the provisions of GASB Codification 150.163(b); however, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the library that the fiscal agent bank has failed to pay deposited funds upon demand.

The Louisiana Asset Management Pool (LAMP) is a non-profit corporation created under Louisiana law. This corporation, created at the initiative of the Louisiana State Treasurer's Office and governed by a board of directors, allows units of local government to pool their cash balances as a means of increasing their rate of return on investments. LAMP invests only in securities and other obligations that are permissible under Louisiana law for municipalities and parishes; accordingly, these investments are restricted to securities issued, guaranteed or otherwise backed by the United States Government or one of its agencies, enterprises or instrumentalities. Since participation in LAMP constitutes a direct investment in the assets constituting the pool, there are no specific collateralization requirements; accordingly, these cash equivalents are considered uncollateralized under the provisions of GASB Codification 150.163(b).

DESOTO PARISH LIBRARY  
DESOTO PARISH POLICE JURY  
Mansfield, Louisiana  
Notes to the Financial Statements (Continued)

3. CAPITAL ASSETS

A summary of changes in capital assets follows:

	Land	Buildings and Improvements	Equipment	Books	Construction in Progress	Total
Balance, beginning of year			161,227	2,180,371	3,405,332	5,746,930
Additions	\$68,500	\$4,072,045		84,711		4,225,256
Deductions				(2,208)	(3,405,332)	(3,407,540)
Balance, end of year	68,500	4,072,045	161,227	2,262,874	NONE	6,564,646
Less- accumulated depreciation		(101,801)	(108,063)	(1,952,535)		(2,162,399)
Net capital assets	\$68,500	\$3,970,244	\$53,164	\$310,339	NONE	\$4,402,247
Accumulated Depreciation:						
Beginning of year	NONE	NONE	(\$90,981)	(\$1,960,701)	NONE	(\$2,051,682)
Deletions				107,415		107,415
Current year depreciation		(101,801)	(17,082)	(99,249)		(218,132)
End of Year	NONE	(\$101,801)	(\$108,063)	(\$1,952,535)	NONE	(\$2,162,399)

The original land and buildings utilized by the library in its operations are, in accordance with Louisiana law, titled in the name of the Desoto Parish Police Jury. These immovables, with an acquisition cost of \$1,193,600 and a net book value of \$570,156, are accounted for by the Desoto Parish Police Jury.

4. LONG-TERM DEBT

The following is a summary of the long-term debt transactions for the year ended December 31, 2007:

Certificates of Indebtedness - Series 2005

Beginning Balance	\$2,270,000
Deductions	(280,000)
Ending Balance	<u>\$1,990,000</u>

Principal and interest on the certificates of indebtedness, bearing interest from 3.550 to 3.850 per cent, are due as follows:

DESOTO PARISH LIBRARY  
 DESOTO PARISH POLICE JURY  
 Mansfield, Louisiana  
 Notes to the Financial Statements (Continued)

Year Ended December 31:	Principal	Interest	Total
2008	\$297,000	\$68,983	\$365,983
2009	310,000	57,906	367,906
2010	322,000	46,292	368,292
2011	337,000	34,016	371,016
2012	354,000	20,971	374,971
2013	370,000	7,123	377,123
Totals	<u>\$1,990,000</u>	<u>\$235,291</u>	<u>\$2,225,291</u>

5. PENSION PLANS

Parochial Employees Retirement System of Louisiana -- substantially all employees of the library are members of the Parochial Employees Retirement System of Louisiana ("system"), a multiple-employer, public employee retirement system (PERS), controlled and administered by a separate board of trustees. The system is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. Employees of the police jury are members of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from funds and all elected parish officials are eligible to participate in the system. Under Plan A, employees who retire at or after age 60 with at least 10 years of credited service, at or after age 55 with 25 years of credited service, or at any age with at least 30 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 3 per cent of their final compensation multiplied by the employee's years of credited service. However, for those employees who were members of the supplemental plan only prior to January 1, 1980, the benefit is equal to 1 per cent of final compensation, plus \$24 for each year of supplemental plan only service earned prior to January 1, 1980. Final compensation is the employee's monthly earnings during the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of credited service stated previously and who do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The system also provides death and disability benefits. Benefits are established by state statute.

**DESOTO PARISH LIBRARY**  
**DESOTO PARISH POLICE JURY**  
Mansfield, Louisiana  
Notes to the Financial Statements (Continued)

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, LA 70898-4619, or by calling (504) 928-1361.

Under Plan A, members are required by state statute to contribute 9.5 percent of their annual covered salary and the employer is required to contribute at an actuarially determined rate. The current rate is 13.25 percent of annual covered payroll. Contributions to the System 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 the 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 employers 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 of the prior fiscal year. The employer contributions to the System under Plan A for the year ending December 31, 2007, 2006, and 2005 were \$20,951, \$18,356, and \$16,978, respectively, equal to the required contributions for each year.

**6. RISK MANAGEMENT**

The Desoto Parish 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 Desoto Parish Library has obtained commercial insurance for risks relating to injuries of employees, and the operation of motor vehicles. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

**SUPPLEMENTAL INFORMATION - PART II**

DESOTO PARISH LIBRARY  
 DESOTO PARISH POLICE JURY  
 Mansfield, Louisiana  
 GOVERNMENTAL FUND - GENERAL FUND

Statement of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget and Actual  
 For the Year Ended December 31, 2007

	ORIGINAL/ FINAL BUDGET	ACTUAL ON BUDGET BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
	-----	-----	-----
REVENUES			
-----			
Ad valorem taxes	\$507,084	\$728,491	\$221,407
Sales and use taxes	800,000	1,356,346	556,346
Intergovernmental revenues	21,705	51,795	30,090
Other income	74,000	123,335	49,335
	-----	-----	-----
Total revenues	1,402,789	2,259,966	857,177
	-----	-----	-----
EXPENDITURES			
-----			
Current:			
Culture and recreation - library:			
Personal services and related benefits	525,272	509,144	16,128
Operating services	390,805	227,264	163,542
Materials and supplies	12,500	38,655	(26,155)
Travel and other charges	2,500	14,951	(12,451)
Debt service	359,374	359,374	
Capital outlay	1,141,286	857,741	283,544
	-----	-----	-----
Total expenditures	2,431,737	2,007,129	424,607
	-----	-----	-----
EXCESS OF REVENUES OVER EXPENDITURES	(1,028,948)	252,837	1,281,784
-----			
FUND BALANCE AT BEGINNING OF YEAR	2,126,538	2,413,403	286,864
-----			
FUND BALANCE AT END OF YEAR	\$1,097,591	\$2,666,239	\$1,568,649
-----	=====	=====	=====

See independent auditor's report.

**OTHER REPORTS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

The following pages contain reports on internal control structure and compliance with laws and regulations required by Government Auditing Standards, issued by the Comptroller General of the United States. The reports are based solely on the audit of the financial statements.

**HERBIE W. WAY**  
**CERTIFIED PUBLIC ACCOUNTANT**

55 Terra Avenue  
Alexandria, LA 71303  
318/442-7568  
Fax: 318/442-9495

**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**

**DESOTO PARISH LIBRARY**  
Mansfield, Louisiana

I have audited the financial statements of Desoto Parish Library as of and for the year ended December 31, 2007, and have issued my report thereon dated June 25, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

Desoto PARISH LIBRARY  
Mansfield, Louisiana  
GAO Compliance Report  
(Continued)

### Compliance and Other Matters

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

### Prior Audit Findings

The audit for the year ended December 31, 2006, disclosed no instances of noncompliance that were required to be reported under Government Auditing Standards or matters involving the internal control over financial reporting and its operation that were considered to be material weaknesses.

### General

Under Louisiana Revised Statute (LSA-R.S.) 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*Herbie W. Way*

Herbie W. Way  
Alexandria, Louisiana  
June 25, 2008