

FRANKLIN PARISH LIBRARY
Winnsboro, Louisiana

Annual Financial Statements
With Independent Auditor's Report
As of and for the Year Ended
December 31, 2018
With Supplemental Information Schedules

FRANKLIN PARISH LIBRARY
Winnsboro, Louisiana

Annual Financial Statements
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Practice Limited to
Governmental Accounting,
Auditing and
Financial Reporting

Independent Auditor's Report

FRANKLIN PARISH LIBRARY
Winnsboro, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities and major fund of the Franklin Parish Library, a component unit of the Franklin Parish Police Jury, as of December 31, 2018, and for the year then ended, 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

My responsibility is to express opinions 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 and the Louisiana Governmental Audit Guide. Those standards require that I 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 Franklin Parish Library'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 Franklin Parish Library's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

FRANKLIN PARISH LIBRARY
Winnsboro, Louisiana
Independent Auditor's Report,
December 31, 2018

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the government activities and major fund information of the Franklin Parish Library as of December 31, 2018, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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 7 through 9, the budgetary comparison information on pages 34 through 35, the schedule of the Library's proportionate share of the net pension liability on page 36, and the Schedule of Employer Contributions on page 37, 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Franklin Parish Library's office basic financial statements. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the financial statements.

The combining schedule of changes in unsettled deposits is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The schedule of compensation, benefits, and other payments to agency head on page 39 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

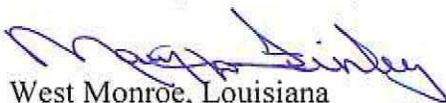
FRANKLIN PARISH LIBRARY
Winnsboro, Louisiana
Independent Auditor's Report,
December 31, 2018

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued a report dated February 24, 2019, on my consideration of the Franklin Parish Library's internal control over financial reporting and on my 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 my 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 the Franklin Parish Library's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Louisiana Legislative Auditor, I have issued a report, dated February 24, 2019, on the results of my statewide agreed-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's statewide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.


West Monroe, Louisiana
February 24, 2019

**REQUIRED SUPPLEMENTARY INFORMATION
PART I**

FRANKLIN PARISH LIBRARY
Winnsboro, Louisiana
Management's Discussion and Analysis
December 31, 2018

As management of the Franklin Parish Library, I offer readers of the Franklin Parish Library's financial statements this narrative overview and analysis of the financial activities of the Franklin Parish Library for the fiscal year ended December 31, 2018. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

Overview of the Financial Statements

This Management Discussion and Analysis document introduces the Library's basic financial statements. The annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (Government-wide Financial Statements) provide information about the financial activities as a whole and illustrate a longer-term view of the Franklin Parish Library's finances. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund (Fund Financial Statements) tell how these services were financed in the short term as well as what remains for future spending. Fund Financial Statements also report the operations in more detail than the Government-Wide Financial Statements by providing information about the most significant funds. This report also contains other supplementary information in addition to the basic financial statements themselves.

Our auditor has provided assurance in her independent auditor's report that the Basic Financial Statements are fairly stated. The auditor, regarding the Required Supplemental Information and the Supplemental Information is providing varying degrees of assurance. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

The Franklin Parish Library adopts an annual appropriated budget for the general fund. A budgetary comparison statement is provided for the major fund to demonstrate compliance with this budget.

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.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Franklin Parish Library's performance.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, assets of the Franklin Parish Library exceeded liabilities by \$3,738,569. Approximately 51% of the Franklin Parish Library's net position reflects its investment in capital assets (e.g., equipment), less any related debt used to acquire those assets that is still outstanding. These assets are not available for future spending.

The balance in unrestricted net position is affected by two factors: 1) resources expended, over time, by the Franklin Parish Library to acquire capital assets from sources other than internally generated funds (i.e., debt), and 2) required depreciation on assets being included in the statement of net position.

STATEMENT OF NET POSITION
Governmental Funds

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$1,091,161	\$983,661
Receivables	766,192	706,170
Net pension assets	33,524	
Capital assets (not depreciated)	1,501,880	869,576
Capital assets (net of accumulated depreciation)	<u>392,618</u>	<u>379,383</u>
TOTAL ASSETS	<u>3,785,375</u>	<u>2,938,790</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related	79,296	108,455
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$3,864,671</u>	<u>\$3,047,245</u>
LIABILITIES		
Accounts payable	\$575	\$6,869
Compensated absences payable	26,177	5,109
Net pension liability		76,048
TOTAL LIABILITIES	<u>26,752</u>	<u>88,026</u>
DEFERRED INFLOWS OF RESOURCES		
Pension related	99,350	13,579
NET POSITION		
Invested in capital assets, net of related debt	1,894,498	1,248,959
Unrestricted	<u>1,844,071</u>	<u>1,696,681</u>
TOTAL NET POSITION	<u>3,738,569</u>	<u>2,945,640</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$3,864,671</u>	<u>\$3,047,245</u>

STATEMENT OF ACTIVITIES

	<u>2018</u>	<u>2017</u>
Culture and recreation:		
Personal services	\$478,053	\$506,109
Operating services	105,960	104,485
Materials and supplies	16,290	16,913
Travel	198	1,750
Intergovernmental	25,611	24,593
Depreciation expense	<u>28,667</u>	<u>24,565</u>
Total Program Expenses	<u>654,779</u>	<u>678,415</u>
Program revenues:		
Fees and charges for library services	5,570	6,194
Fines and forfeitures	3,759	5,629
Miscellaneous fees	8,335	20,403
Total program revenues	<u>17,664</u>	<u>32,226</u>
Net Program Expenses	<u>(637,115)</u>	<u>(646,189)</u>
General revenues		
Taxes - ad valorem	821,503	765,823
Intergovernmental:		
State revenue sharing	39,047	38,891
Interest earned	5,553	4,099
Special item - loss on disposal of assets		<u>(15,000)</u>
Total general revenues	866,103	793,813
Change in Net Position	228,988	147,624
Net Position - Beginning of year as restated	<u>3,509,581</u>	<u>2,798,016</u>
Net Position - End of year	<u>\$3,738,569</u>	<u>\$2,945,640</u>

Financial Analysis of the Government's Funds

As noted earlier, the Franklin Parish Library uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2018, the General Fund unreserved, undesignated fund balance of \$1,856,778 showed an increase of approximately \$173,816 over December 31, 2017.

General Fund Budgetary Highlights

There was no budget amendment for the year.

Capital Asset and Debt Administration

Capital assets. The Franklin Parish Library's investment in capital assets for its governmental activities as of December 31, 2018, amounts to \$1,894,498 (net of accumulated depreciation). This investment includes furniture and equipment, automation and library materials (which are not depreciated). The increase in capital assets for the year ended 2018 was \$90,045. There were no deletions in capital assets for the year. The library materials was restated by \$584,161, due to the library performing a book inventory.

Long-term debt. At the end of the fiscal year, Franklin Parish Library had \$26,177 debt outstanding, consisting of compensated absences at December 31, 2018.

Requests for Information

This financial report is designed to provide a general overview of the Franklin Parish Library's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Franklin Parish Library, 705 Prairie Street, Winnsboro, LA 71295.

BASIC FINANCIAL STATEMENTS

FRANKLIN PARISH LIBRARY
Winnsboro, Louisiana

STATEMENT OF NET POSITION
December 31, 2018

ASSETS	
Cash and cash equivalents	\$1,091,161
Receivables	766,192
Net pension asset	33,524
Capital assets (not depreciated)	1,501,880
Capital assets (net of accumulated depreciation)	<u>392,618</u>
TOTAL ASSETS	<u>3,785,375</u>
DEFERRED OUTFLOW OF RESOURCES	
Pension related	<u>79,296</u>
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	<u>\$3,864,671</u>
LIABILITIES	
Accounts payable	\$575
Compensated absences payable	<u>26,177</u>
TOTAL LIABILITIES	<u>26,752</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related	99,350
NET POSITION	
Invested in capital assets, net of related debt	1,894,498
Unrestricted	<u>1,844,071</u>
TOTAL NET POSITION	<u>\$3,738,569</u>

The accompanying notes are an integral part of this statement.

FRANKLIN PARISH LIBRARY
Winnsboro, Louisiana

STATEMENT OF ACTIVITIES
December 31, 2018

Culture and recreation:	
Personal services	\$478,053
Operating services	105,960
Materials and supplies	16,290
Travel	198
Intergovernmental	25,611
Depreciation expense	28,667
Total Program Expenses	<u>654,779</u>
Program revenues:	
Fees and charges for library services	5,570
Fines and forfeitures	3,759
Miscellaneous fees	8,335
Total program revenues	<u>17,664</u>
Net Program Expenses	<u>(637,115)</u>
General revenues	
Taxes - ad valorem	821,503
Intergovernmental -	
State revenue sharing	39,047
Interest earned	5,553
Total general revenues	<u>866,103</u>
Change in Net Position	228,988
Net Position - Beginning of year	<u>3,509,581</u>
Net Position - End of year	<u><u>\$3,738,569</u></u>

The accompanying notes are an integral part of this statement.

FRANKLIN PARISH LIBRARY
Winnsboro, Louisiana
GOVERNMENTAL FUNDS

Balance Sheet, December 31, 2018

ASSETS

Cash and cash equivalents	\$1,091,161
Receivables	<u>766,192</u>
TOTAL ASSETS	<u>\$1,857,353</u>

LIABILITIES AND FUND EQUITY

Liabilities:

Accounts payable	<u>\$575</u>
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TOTAL LIABILITIES	575
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Fund balance - unassigned	<u>1,856,778</u>
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TOTAL FUND BALANCE	<u>1,856,778</u>
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TOTAL LIABILITIES AND FUND EQUITY	<u>\$1,857,353</u>
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The accompanying notes are an integral part of this statement.

FRANKLIN PARISH LIBRARY
Winnsboro, Louisiana

Reconciliation of Governmental Funds
Balance Sheet to the Statement of Net Position

For the Year Ended December 31, 2018

Total Fund Balances at December 31, 2018 - Governmental Funds (Statement C)		<u>\$1,856,778</u>
Deferred outflows of resources		79,296
Net pension assets		33,524
Cost of capital assets at December 31, 2018	\$2,531,756	
Less: Accumulated depreciation as of December 31, 2018	<u>(637,258)</u>	1,894,498
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences payable		(26,177)
Deferred inflows of resources		<u>(99,350)</u>
Net Position at December 31, 2018 (Statement A)		<u><u>\$3,738,569</u></u>

The accompanying notes are an integral part of this statement.

FRANKLIN PARISH LIBRARY
Winnsboro, Louisiana
GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures,
and Changes in Fund Balances

For the Year Ended December 31, 2018

REVENUES	
Taxes - ad valorem	\$821,503
Intergovernmental revenues:	
State revenue sharing	39,047
Fees and charges for library services	5,570
Fines and forfeitures	3,759
Use of money and property - interest earnings	5,553
Other revenues	4,977
Total revenues	<u>880,409</u>
EXPENDITURES	
Culture and recreation:	
Current:	
Personal services	468,489
Operating services	105,960
Materials and supplies	16,290
Travel and other charges	198
Capital outlay	90,045
Intergovernmental	25,611
Total expenditures	<u>706,593</u>
EXCESS OF REVENUES OVER EXPENDITURES	173,816
FUND BALANCES AT BEGINNING OF YEAR	<u>1,682,962</u>
FUND BALANCES AT END OF YEAR	<u><u>\$1,856,778</u></u>

The accompanying notes are an integral part of this statement.

FRANKLIN PARISH LIBRARY
Winnsboro, Louisiana

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

For the Year Ended December 31, 2018

Total net change in fund balances - governmental funds (Statement D)	\$173,816
Amounts reported for governmental activities in the Statement of Activities are different	
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 exceed depreciation for the period.	61,378
In the Statement of Activities, certain operating expenses - compensated absences - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	(952)
Non-employer contributions to cost-sharing pension plan	3,358
Pension expense	<u>(8,612)</u>
Change in net position of governmental activities (Statement B)	<u>\$228,988</u>

The accompanying notes are an integral part of this statement.

FRANKLIN PARISH LIBRARY
Winnsboro, Louisiana

Notes to the Financial Statements
As of and For the Year Ended December 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Franklin Parish Library was established by the Franklin Parish Police Jury, under the provisions of Louisiana Revised Statute 25:211. The library provides citizens of the parish access to library materials, books, magazines, records, and films. The library is governed by a board of control which 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 compensation.

The accompanying financial statements of the Franklin Parish Library have been prepared in conformity with U.S. 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 have been prepared in conformity with GASB Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis -for State and Local Governments*, issued in June 1999.

A. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Franklin Parish Police Jury is the financial reporting entity for Franklin 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 (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Franklin Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial responsibility. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

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

FRANKLIN PARISH LIBRARY

Winnsboro, Louisiana

Notes to the Financial Statements (Continued)

- 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 appoints the library board of control and the library provides services to all residents of Franklin Parish, the Franklin Parish Library was determined to be a component unit of the Franklin 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 services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

**B. BASIC FINANCIAL STATEMENTS-
GOVERNMENT-WIDE STATEMENTS**

The library's basic financial statements include both government-wide (reporting the library as a whole) and fund financial statements (reporting the library's major fund). Both government-wide and fund financial statements categorize primary activities as either governmental or business type. All activities of the library are classified as governmental.

The Statement of Net Position (Statement A) and the Statement of Activities (Statement B) display information about the reporting government as a whole. These statements include all the financial activities of the library.

In the Statement of Net Position, governmental activities are presented on a consolidated basis and are presented on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term obligations. Net position are reported in three parts; invested in capital assets, net of any related debt; restricted net position; and unrestricted net position. The library first uses restricted resources to finance qualifying activities.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses,

FRANKLIN PARISH LIBRARY

Winnsboro, Louisiana

Notes to the Financial Statements (Continued)

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) are derived directly from parties outside the library's taxpayers or citizenry. Program revenues reduce the cost of the function to be financed from the library's 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 on buildings is assigned to the "general administration" function due to the fact that buildings serve multiple purposes. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

C. BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

The financial transactions of the library are reported in individual funds in the fund financial statements. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

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. Each major fund is presented in a separate column.

A fund is a separate accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities (general fixed assets and general long-term debt) that are not recorded in the "funds" because they do not directly affect net expendable available financial resources. They are concerned only with the measurement of financial position, not with the measurement of results of operations.

Funds are classified into three categories; governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types". Governmental funds are used to account for a government's general activities, where the focus of attention is on the

FRANKLIN PARISH LIBRARY

Winnsboro, Louisiana

Notes to the Financial Statements (Continued)

providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others. The library's current operations require only the use of governmental funds (General Fund). Revenues of the General Fund include ad valorem taxes, state revenue sharing, fees, fines and forfeitures, and interest earnings. General operating expenditures are paid from this fund.

D. BASIS OF ACCOUNTING

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

1. Accrual:

Both governmental and business type activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. 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.

Governmental funds and the fiduciary type agency 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, except for interest and principal payments on general long-term debt which is

FRANKLIN PARISH LIBRARY
Winnsboro, Louisiana
Notes to the Financial Statements (Continued)

recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes and the related state revenue sharing (which is based on population and homesteads in the parish) are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, 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 47:1993 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.

Fees, fines, and forfeitures are recorded when the library is entitled to the funds.

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

Interest income on demand deposits is recorded monthly when the interest is earned and credited to the account.

Based on the above criteria, ad valorem taxes, state revenue sharing, and fees, fines, and forfeitures have been 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. CASH AND CASH EQUIVALENTS

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 principal offices in Louisiana. At December 31, 2018, the library has cash and cash equivalents (book balances) totaling \$1,091,161.

FRANKLIN PARISH LIBRARY
 Winnsboro, Louisiana
 Notes to the Financial Statements (Continued)

Demand deposits	\$814,765
Time deposits	<u>276,396</u>
Total	<u>\$1,091,161</u>

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, the 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 or exceed 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. 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. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Library's name.

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) at December 31, 2018, are secured as follows:

Bank balances	<u>\$1,139,983</u>
Federal deposit insurance	\$526,397
Pledged securities (uncollateralized)	<u>965,981</u>
Total	<u>\$1,492,378</u>

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 (Category 3) under the provisions of GASB Codification C20.106. 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. Further, LRS 39:1224 states that securities held by a third party shall be deemed to be held in the library's name.

FRANKLIN PARISH LIBRARY
 Winnsboro, Louisiana
 Notes to the Financial Statements (Continued)

F. CAPITAL ASSETS

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. 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 \$1000 or more for capitalizing capital assets.

Capital assets are reported in the government-wide financial statements but not in the fund financial statements. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes by the library, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and building improvements	20 - 40 years
Furniture and fixtures	5 - 10 years
Vehicles	5 - 15 years
Equipment	5 - 20 years

G. ANNUAL AND SICK LEAVE

Employees receive from four to twenty-two days of vacation leave each year, depending on length of service and professional status. Sick leave is earned at the rate of twelve days each year and employees may accumulate sick leave not to exceed thirty-six days. Upon separation of service, employees are compensated for accumulated vacation leave up to a maximum of five days, but are not compensated for sick leave. Full-time employees receive one day per quarter for personal leave.

At December 31, 2018, employees of the library have accumulated and vested \$26,177 of employee leave benefits, computed in accordance with GASB Codification Section C60. This amount is recorded as a general long-term obligation in the accompanying financial statements.

H. RISK MANAGEMENT

The library is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; and injuries to employees. To handle such risk of loss, the library maintains a commercial insurance policy covering property, general liability, employee

FRANKLIN PARISH LIBRARY
Winnsboro, Louisiana
Notes to the Financial Statements (Continued)

fidelity, and workmen's compensation. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended December 31, 2018.

I. PENSION PLANS

The Franklin Parish Library is a participating employer in a cost-sharing, multiple-employer defined benefit pension plan as described in Note 5. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of each of the plans, and additions to/deductions for the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments have been reported at fair value within the plan.

J. EQUITY CLASSIFICATIONS

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies unrestricted resources first, unless a determination is made to use restricted resources. The policy concerning which to apply

FRANKLIN PARISH LIBRARY
Winnsboro, Louisiana
Notes to the Financial Statements (Continued)

first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

In the fund financial statements, governmental fund equity is classified as fund balance and displayed in five components. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable - represents amounts that are not expected to be converted to cash because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted - represents balances where constraints have been established by parties outside the Library or imposed by law through constitutional provisions or enabling legislation.

Committed - represents balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Library's highest level of decision-making authority.

Assigned - represents balances that are constrained by the government's intent to be used for specific purposes, but are not restricted nor committed.

Unassigned - represents balances that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund.

The General Fund has an unassigned fund balance of \$1,856,778. If applicable, the Library would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

K. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

FRANKLIN PARISH LIBRARY
 Winnsboro, Louisiana
 Notes to the Financial Statements (Continued)

L. RESTATEMENT OF NET POSITION

There was a restatement of net position due to the library performing a physical inventory \$584,161 and an adjustment to compensated absences payable for old sick leave policy (\$20,116) that several employees are due that was not included in the past audits. There was an adjustment to Net Pension Liability of (\$104).

The net effect to the Government-Wide Statement of Net Position is as follows:

Total Net Position, December 31, 2017, as previously stated	\$2,945,640
Net Change in Net Pension Liability at December 31, 2018	<u>563,941</u>
Total Net Position, December 31, 2018, Restated	<u><u>\$3,509,581</u></u>

2. LEVIED TAXES

The ad valorem tax millage levied by the library was 7.67 mills for the year ended December 31, 2018. The authorized millage for the year ended December 31, 2018, was 7.65 mills for the year. The current tax expires in 2020. The difference between authorized and levied millages is the result of reassessments of taxable property within the parish as required by Article 7, Section 18 of the Louisiana Constitution of 1974. The following are the principal taxpayers for the parish and their 2018 assessed valuation:

	2018 Assessed Valuation	Per cent of Total Assessed Valuation
Tennessee Gas Pipeline Co	\$12,957	9.44%
Perryville Gas Storage	11,680	8.51%
Regency Intrastate	8,790	6.41%
ETC Tiger Pipeline, LLC	4,265	3.11%
Entergy Louisiana, LLC	2,899	2.11%
Columbia Gulf Transmission	1,889	1.38%
American Midstream, Inc.	1,791	1.31%
Winnsboro State Bank	1,510	1.10%
Franklin State Bank	1,497	1.09%
Northeast Louisiana Power Coop	<u>1,483</u>	<u>1.08%</u>
Total	<u><u>\$48,761</u></u>	<u><u>35.53%</u></u>

3. RECEIVABLES

The General Fund receivables of \$766,192 at December 31, 2018, are as follows:

FRANKLIN PARISH LIBRARY
 Winnsboro, Louisiana
 Notes to the Financial Statements (Continued)

<u>Class of receivables:</u>	
Taxes - ad valorem	\$727,145
Intergovernmental revenues - state revenue sharing (net)	<u>39,047</u>
Total	<u>\$766,192</u>

4. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2018, follows:

	<u>Balance at January 1,</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at December 31,</u>
Buildings and Improvements	\$507,278	\$35,600		\$542,878
Furniture and equipment	238,741	6,301		245,042
Library materials	1,453,736	48,144		1,501,880
Automation	<u>241,956</u>			<u>241,956</u>
Total Capital Assets	<u>2,441,711</u>	<u>90,045</u>	NONE	<u>2,531,756</u>
Less accumulated	(608,591)	(28,667)		(637,258)
Net Capital Assets	<u>\$1,833,120</u>	<u>\$61,378</u>	NONE	<u>\$1,894,498</u>

The library has elected not to depreciate library materials. The beginning library materials has been restated due to the library performing a physical inventory on library materials at the Winnsboro branch.

5. RETIREMENT SYSTEMS

Parochial Employees' Retirement System of Louisiana (System)

Plan Description

The Franklin Parish Library contributes to the Parochial Employees' Retirement System of Louisiana (System) which is a cost sharing multiple employer defined benefit pension plan. All permanent employees working at least 28 hours per week are eligible to participate in the System. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate. As of January 1997, elected officials, except coroners, justices of the peace, and parish presidents may no longer join PERS. Section 1901 through 2025 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:1901-2025) and other general laws of the State of Louisiana govern PERS.

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.

FRANKLIN PARISH LIBRARY
Winnsboro, Louisiana
Notes to the Financial Statements (Continued)

Any member of Plan A who was hired prior to January 1, 2007, can retire providing he/she meets one of the following criteria:

1. Any age after 30 years of creditable service.
2. Age 55 after 25 years of creditable service.
3. Age 60 after 10 years of creditable service.
4. Age 65 after seven years creditable service.

Eligibility for retirement for Plan A members hired on or after January 1, 2007 is as follows:

1. Age 55 after 30 years of creditable service.
2. Age 62 after 10 years of creditable service.
3. Age 67 after seven years of creditable service.

Generally, the monthly amount of the retirement allowance of any member of Plan A shall consist of an amount equal to three percent of the employee's final compensation multiplied by his or her years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

The System also provides death and disability benefits. Benefits are established or amended by state statute.

For the year ended December 31, 2018, the Franklin Parish Library's total payroll for all employees was \$399,016. Total covered payroll was \$297,866. Covered payroll refers to all compensation paid by the Franklin Parish Library to active employees covered by the Plan.

The Parochial Employees' Retirement System of Louisiana issued a stand-alone audit report on its financial statements for the year ended December 31, 2017. Access to the audit report can be found on the System's website: www.persla.org or on the Office of Louisiana Legislative Auditor's official website: www.lla.state.la.us.

Contributions

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ended December 31, 2018, the actual employer contribution rate was 12.5% for Plan A, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations.

Under Plan A, members are required by state statute to contribute 9.50% of their annual covered salary. The contributions are deducted from the employee's wages or salary and remitted by the Franklin Parish Library to the

FRANKLIN PARISH LIBRARY
 Winnsboro, Louisiana
 Notes to the Financial Statements (Continued)

System monthly. The Franklin Parish Library's contributions to the System under Plan A for the year ending December 31, 2018 were \$34,255.

Pension Liabilities (Assets), Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At December 31, 2018, the Employer reported an asset of \$33,524 for its proportionate share of the Net Pension Liability (Asset). The Net Pension (Asset) was measured as of December 31, 2017 and the total pension asset used to calculate the Net Pension Asset was determined by an actuarial valuation as of that date. The Franklin Parish Library's proportion of the Net Pension Asset was based on a projection of the Library's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2017, the Library's proportion was 0.04516%, which was a decrease of 0.0082 from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018 the Franklin Parish Library recognized pension expense of \$42,013 and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		\$21,701
Changes in assumptions	42,312	
Net difference between projected and actual earnings on pension plan		77,449
Changes in employer's proportion of beginning NPL	2,729	56
Differences between employer and proportionate share of contributions		143
Contributions subsequent to the measurement date	34,255	
Total	\$79,296	\$99,349

The \$34,255 reported as deferred outflows of resources related to pensions resulting from the Franklin Parish Library contributions subsequent to the measurement date will be recognized as a reduction of Net Pension Liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ended December 31,	
2018	\$5,820
2019	(4,235)
2020	(25,196)
2021	(30,697)
TOTAL	(\$54,308)

FRANKLIN PARISH LIBRARY
 Winnsboro, Louisiana
 Notes to the Financial Statements (Continued)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability (asset) as of December 31, 2017, are as follows:

Valuation Date	December 31, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	6.75%, per annum
Salary increases	5.25% (2.75% merit, 2.5% inflation)
Inflation rate	2.5%, per annum
Mortality rates	RP-2000 Employees Sex Distinct Table for Employees RP-2000 Healthy Annuitant Sex Distinct Table annuitants and beneficiaries RP-2000 Disabled Lives Mortality Tables for disabled annuitants
Expected remaining service lives	4 years for Plan A
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	35%	1.24%
Equity	52%	3.57%
Alternatives	11%	0.69%
Real Assets	2%	0.12%
Totals	100%	5.62%

FRANKLIN PARISH LIBRARY
 Winnsboro, Louisiana
 Notes to the Financial Statements (Continued)

Inflation	2.00%
Expected arithmetic nominal return	7.62%

Discount Rate

The discount rate used to measure the total pension liability (asset) was 6.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability (asset).

Sensitivity of the Franklin Parish Library's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the Franklin Parish Library's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.75%, as well as what the Library's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage-point lower (5.75%) or one percentage-point higher (7.75%) than the current rate:

	1.0% Decrease (5.75%)	Current Discount Rate (6.75%)	1.0% Increase (7.75%)
Employer's proportionate share of net pension liability (Asset)	\$165,283	(\$33,524)	(\$210,548)

Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued Parochial Employees' Retirement System of Louisiana Audit Report at www.persla.org.

**6. CHANGES IN GENERAL LONG-TERM OBLIGATIONS -
 COMPENSATED ABSENCES PAYABLE**

Long-term obligations at January 1, 2018	\$5,109
Additions	24,480
Deletions	(21,504)
Adjustments ¹	18,092
Long-term obligations at December 31, 2018	<u>\$26,177</u>

FRANKLIN PARISH LIBRARY
Winnsboro, Louisiana
Notes to the Financial Statements (Continued)

¹As discussed in note 1G, upon separation from employment, employees are paid for accumulated leave at their current rate of pay. The adjustment is for the purpose of adjusting amounts for annual leave resulting from the differences between beginning and ending rates of pay. Sick leave added to the liability due to prior leave policy.

7. LITIGATION AND CLAIMS

The Franklin Parish Library is not involved in any litigation at December 31, 2018, nor is it aware of any unasserted claims.

REQUIRED SUPPLEMENTARY INFORMATION

PART II

FRANKLIN PARISH LIBRARY
Winnsboro, Louisiana
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2018

	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Taxes - ad valorem	\$750,000	\$821,503	\$71,503
Intergovernmental revenues:			
State revenue sharing	36,700	39,047	2,347
Fees and charges for library services	5,600	5,570	(30)
Fines and forfeitures	3,000	3,759	759
Use of money and property - interest earnings	3,100	5,553	2,453
Other revenues	3,500	4,977	1,477
Total revenues	<u>801,900</u>	<u>880,409</u>	<u>78,509</u>
EXPENDITURES			
Culture and recreation:			
Current:			
Personal services and related benefits	538,657	468,489	70,168
Operating services	117,398	105,960	11,438
Materials and supplies	20,000	16,290	3,710
Travel and other charges	2,000	198	1,802
Capital outlay	98,845	90,045	8,800
Intergovernmental	25,000	25,611	(611)
Total expenditures	<u>801,900</u>	<u>706,593</u>	<u>95,307</u>
EXCESS OF REVENUES OVER EXPENDITURES	NONE	173,816	173,816
FUND BALANCE AT BEGINNING OF YEAR	NONE	1,682,962	1,682,962
FUND BALANCE AT END OF YEAR	NONE	<u>\$1,856,778</u>	<u>\$1,856,778</u>

See accompanying note to budgetary comparison schedule.

FRANKLIN PARISH LIBRARY
Winnsboro, Louisiana

NOTE TO BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2018

A proposed budget, prepared on the modified accrual basis of accounting, is published in the official journal at least ten days prior to the public hearing. A public hearing is held at the Franklin Parish Library during the month of December for comments from taxpayers. The budget is then legally adopted by the board and amended during the year, as necessary. The budget is established and controlled by the board at the object level of expenditure. Appropriations lapse at year-end and must be reappropriated for the following year to be expended.

Formal budgetary integration is employed as a management control device during the year. Budgeted amounts included in the accompanying budgetary comparison schedule include the original adopted budget amounts.

Franklin Parish Library
Schedule of Employer's Share of Net Pension Liability
December 31, 2017

Actuarial Valuation Date	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
December 31, 2015	0.033181%	\$9,072	\$197,737	4.59%	87.34%
December 31, 2016	0.034488%	\$90,782	\$218,988	41.46%	99.23%
December 31, 2017	0.036925%	\$76,048	\$278,000	27.36%	82.10%
December 31, 2018	0.451660%	(\$33,524)	\$297,866	(11.25%)	88.49%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Franklin Parish Library
Schedule of Employer Contributions
December 31, 2018

Actuarial Valuation Date	Contractually Required Contribution	Contributions in Relations to Contractual Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a Percentage of Covered Payroll
December 31, 2015	\$28,672	\$28,672	\$0	\$197,737	14.50%
December 31, 2016	\$28,468	\$28,468	\$0	\$218,988	13.00%
December 31, 2017	\$34,750	\$34,750	\$0	\$278,000	12.50%
December 31, 2018	\$34,255	\$34,255	\$0	\$297,866	12.50%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

OTHER SUPPLEMENTARY INFORMATION

PART III

FRANKLIN PARISH LIBRARY
Winnsboro, Louisiana

Schedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended December 31, 2018

ONIE PARKER, LIBRARY DIRECTOR

PURPOSE	AMOUNT
Salary	\$62,005
Benefits-retirement	7,131
Benefits-medicare	899
Registration fees	25
Other reimbursements	171

**REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS
PART IV**

**Independent Auditor's Report Required
by *Government Auditing Standards***

The following independent auditor's report on compliance and internal control over financial reporting is presented in compliance with the requirements of *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

Member:
American Institute of
Certified Public Accountants
Society of Louisiana Certified
Public Accountants

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Practice Limited to
Governmental Accounting,
Auditing and
Financial Reporting

**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 *Government Auditing Standards***

FRANKLIN PARISH LIBRARY
Winnsboro, Louisiana

I 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 and the major fund of the Franklin Parish Library, a component unit of the Franklin Parish Police Jury, as of and for the year ended December 31, 2018 and the related notes to the financial statements, which collectively comprise the Franklin Parish Library's basic financial statements, and have issued my report thereon dated February 24, 2019.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Franklin Parish 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 my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Franklin Parish Library's internal control. Accordingly, I do not express an opinion on the effectiveness of the Franklin Parish Library's internal control.

A deficiency in internal control exist when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or 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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

FRANKLIN PARISH LIBRARY

Winnsboro, Louisiana

Independent Auditor's Report on Compliance

And Internal Control Over Financial Reporting, etc.

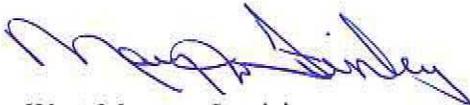
December 31, 2018

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Franklin Parish Library's financial statements are free from 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 is required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Franklin Parish Library'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 Franklin Parish Library's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



West Monroe, Louisiana

February 24, 2019

FRANKLIN PARISH LIBRARY
Winnsboro, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2018

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the general purpose financial statements of the Franklin Parish Library.
2. No instances of noncompliance material to the financial statements of the Franklin Parish Library were disclosed during the audit.
3. No significant deficiencies relating to the audit of the financial statements is reported in the Independent Auditor's Report on Internal Control.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

FRANKLIN PARISH LIBRARY
Winnsboro, Louisiana

Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2018

There were no findings reported in the audit report for the year ended December 31, 2017.

Independent Accountant's Report
on Applying Agreed-Upon Procedures

Franklin Parish Library
705 Prairie Street
Winnsboro, LA 71295

To the Franklin Parish Library's Office,

I have performed the procedures enumerated below, which were agreed to by the management of the Franklin Parish Library and the Louisiana Legislative Auditor, State of Louisiana, on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2018 through December 31, 2018. Management of Franklin Parish Library is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

AGREED-UPON PROCEDURES

WRITTEN POLICIES AND PROCEDURES

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - A. Budgeting, including preparing, adopting, monitoring, and amending the budget.
 - B. Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - C. Disbursements, including processing, reviewing, and approving
 - D. Receipts, including receiving, recording, and preparing deposits

- E. Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- F. Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- G. Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.
- H. Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- I. Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- J. Debt Service, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Written policies and procedures were obtained and address the function noted above.

BOARD (OR FINANCE COMMITTEE, IF APPLICABLE)

- 2. Obtain and review the board/committee minutes for the fiscal period, and:
 - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
 - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - ▶ If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
 - c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

The board meets quarterly in accordance with the agency by-laws. The bookkeeper prepares the financial statements and the librarian presents budget to actual comparisons at each meeting. Non-budgetary financial information is also presented at meetings.

BANK RECONCILIATIONS

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - A) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - B) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation(e.g., initialed and dated, electronically logged); and
 - C) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

The agency provided me with a certified list of all bank accounts. October, 2018 was randomly selected to be tested. A random sample of 5 bank accounts were selected to test.

For the 5 bank accounts selected, it was determined that the bank reconciliations were dated to show evidence that they were reconciled within 2 months of the closing date of the statements. The bank statements are opened by the librarian and reviewed, then bank reconciliations are performed by the bookkeeper and reviewed by the library assistant. None of the 5 accounts had outstanding reconciling items over 12 months.

COLLECTIONS

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Agency provided me with a certified list of deposit sites and I verified that it was complete.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- A) Employees that are responsible for cash collections do not share cash drawers/registers.
- B) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
- C) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
- D) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

The Library's office has a dishonesty bond that covers employee theft for the employees. The agency has 4 cash drawers. The library assistant receives the check payments and makes the deposits and then gives to the bookkeeper who post cash receipts to the accounting software. Deposits are taken to the bank on the day that checks are received. The librarian opens and reviews the bank statements, the bookkeeper reconciles the bank account and the library assistant reviews it.

The library receives cash for fines, copies and book collections. The deposit is made by the library clerk on a daily basis. Wisner branch collections average less than \$100 a day, so it is brought to Winnsboro branch on a bi-monthly basis. The deposit is posted to the accounting system when deposit slip is received by the bookkeeper.

- 6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

The Library has employee theft insurance coverage on the employees.

- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statement when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- A) Observe that receipts are sequentially pre-numbered.
- B) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip,
- C) Trace the deposit slip total to the actual deposit per the bank statement.

D) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

E) Trace the actual deposit per the bank statement to the general ledger.

The Library does not use pre-numbered receipts, the system generates receipts when money is collected. Deposit documentation was traced to the bank statements for all accounts. The deposit slips selected were traced from the bank statements to the general ledger posting. The Library's Winnsboro branch makes daily deposits. The Library's Wisner branch does not collect more than \$100 daily, but they are deposited on a bi-monthly basis.

NON-PAYROLL DISBURSEMENTS (EXCLUDING CARD PURCHASES/PAYMENTS, TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Agency provided a complete list of locations that process payments and represented that the list was complete.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

A) At least two employees are involved in initialing a purchase request, approving a purchase, and placing an order/making the purchase.

B) At least two employees are involved in processing and approving payments to vendors.

C) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

D) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

The Library uses a purchase order system to track all purchases. Employees initiate all purchases and the Librarian approves all purchases. The head of the board approves all purchases when he reviews and signs all checks. The bookkeeper initiates all checks and the Librarian and head of the board sign all checks. The bookkeeper adds any new vendors and the Librarian approves all new vendors added. The Librarian gives all signed checks to the bookkeeper to mail.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- A) Observe that the disbursement matched the related original invoice/billing statement.
- B) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

All disbursements selected to be tested had the proper support documentation. The bookkeeper initiates all checks and the Librarian and head of the board sign all checks. The librarian opens the bank statements, the bookkeeper reconciles the bank statement and the library assistant reviews all reconciliations.

CREDIT CARDS/DEBIT CARDS/FUEL CARDS/P-CARDS

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

The agency provided me with a certified list of all active credit cards, fuel cards, etc.

12. Using the listing prepared by management, randomly select 5 cards, (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- A) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
- B) Observe that finance charges and late fees were not assessed on the selected statements.

The bookkeeper reviews and attaches proper support to the credit card statement. The bookkeeper is not the authorized card holder for the library. There were no service charges or interest charges noted.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions

subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation for the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

All transactions tested had the proper documentation and appeared to be for business purposes.

TRAVEL AND EXPENSE REIMBURSEMENT

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement form/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

The agency provided me with a certified list of travel or related expense reimbursements during the testing period and represented that the list was complete.

- A) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
- B) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- C) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- D) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

The agency is using the established rate and that is being paid to the employees. All amounts tested for reimbursement at per diem rates had the proper documentation. It was noted the expenditures were for business purposes. No meal charges were tested. The Librarian and head of the board reviews and approves all travel reimbursements.

CONTRACTS

15. The Franklin Parish Library had no exceptions in the prior year AUP testing, therefore this section was excluded from testing for the current period.

PAYROLL AND PERSONNEL

16. The Franklin Parish Library had no exceptions in the prior year AUP testing, therefore this section was excluded from testing for the current period.
17. The Franklin Parish Library had no exceptions in the prior year AUP testing, therefore this section was excluded from testing for the current period.
18. The Franklin Parish Library had no exceptions in the prior year AUP testing, therefore this section was excluded from testing for the current period.
19. The Franklin Parish Library had no exceptions in the prior year AUP testing, therefore this section was excluded from testing for the current period.

ETHICS (EXCLUDING NONPROFITS)

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and:
 - A) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - B) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Agency provided support for ethics training for the five randomly selected employees above and provided signature verification to show that the employees have read the agency policy concerning the ethics policy.

DEBT SERVICE

21. The Franklin Parish Library had no exceptions in the prior year AUP testing, therefore this section was excluded from testing for the current period.
22. The Franklin Parish Library had no exceptions in the prior year AUP testing, therefore this section was excluded from testing for the current period.

OTHER

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the

listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

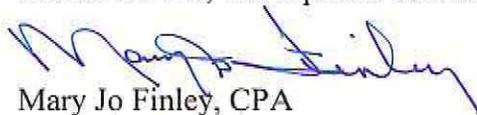
The library has no known misappropriation of funds during the test period.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

I observed the fraud hotline notice posted on the premises and the Library website.

I was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.



Mary Jo Finley, CPA
February 24, 2019



Franklin Parish Library



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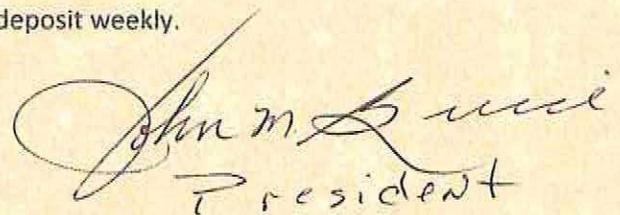
Website: www.franklinparishlibrary.org

February 24, 2019

AUP Exception 7.D. Deposit was not made weekly

The Franklin Parish Library Wisner Branch deposits monies collected bi-weekly. The Library is open Tuesday, Thursday, and a half day on Saturday. The 2018 deposits averaged \$66 and there is not a bank location in Wisner.

Beginning March 2019, the Library will begin making a deposit weekly.


President