

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Financial Report

Year Ended December 31, 2018

Royce T. Scimemi, CPA, APAC
Oberlin, Louisiana

TABLE OF CONTENTS

	<u>Pages</u>
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)	3-10
INDEPENDENT AUDITORS’ REPORT	11-12
BASIC FINANCIAL STATEMENTS:	
GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)	
Statement of Net Position	15
Statement of Activities	16
FUND FINANCIAL STATEMENTS (FFS)	
Balance Sheet - Governmental Fund	18
Reconciliation of Governmental Fund Balance Sheet with Statement of Net Position	19
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund	20
Reconciliation of Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance with Statement of Activities	21
NOTES TO BASIC FINANCIAL STATEMENTS	22-40
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule:	
Statement of Revenues, Expenditures, and Changes in Fund Balance- Budget to Actual - General Fund	42
Schedules of Library’s Proportionate Share of Net Pension Liability	43
Schedules of Library’s Pension Plan Contributions	44
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	45
OTHER SUPPLEMENTARY INFORMATION	
Schedule of Compensation Paid to the Board of Control Members	47
Schedule of Compensation, Benefits and Other Payments to Chief Executive Officer	48
INDEPENDENT AUDITORS’ 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	49-50
SCHEDULE OF FINDINGS AND RESPONSES	51-52
MANAGEMENT’S CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS AND RESPONSES (UNAUDITED)	53
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS	54

ALLEN PARISH LIBRARY

Management's Discussion and Analysis

Within this section of the Allen Parish Library's (the Library) annual financial report, the Library's management is pleased to provide this narrative discussion and analysis of the financial activities of the Library for the fiscal year ended December 31, 2018. The Library's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FINANCIAL HIGHLIGHTS

- The Library's assets exceeded its liabilities by \$4,218,807 (net position) for the fiscal year reported.
- Total revenues of \$1,349,658 exceeded total expenses of \$1,240,479 which resulted in a current year surplus of \$109,179. In comparison, for the previous year ended December 31, 2017, the Library's total revenues of \$1,077,485 were exceeded by its total expenses of \$1,169,502, yielding a deficit of \$92,017.
- Total net position is comprised of the following:
 - (1) Net investment in capital assets, net of related debt, of \$2,443,300 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt, if applicable, related to the purchase or construction of capital assets. In comparison, as of December 31, 2017, the Library's net capital assets were \$2,545,632.
 - (2) Unrestricted net position, representing the portion of net position available to maintain the Library's continuing obligations to citizens and creditors, amounted to a surplus of \$1,775,507 and \$1,563,996 for the fiscal years ended December 31, 2018 and 2017, respectively.
- The Library's governmental funds reported total ending fund balance of \$1,754,715 this year. This compares to the prior year ending fund balance of \$1,526,817 reflecting an increase of \$227,898 during the current year. For the prior year ended December 31, 2017, an increase of \$125,328 was reported in the total ending fund balance. All positive fund balances are non-spendable or unassigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was a surplus of \$1,610,774, or 144% of total General Fund expenditures and 120% of total General Fund revenues including other financing sources. In comparison, for the fiscal year ended December 31, 2017, unassigned fund balance for the General Fund was a surplus of \$1,514,281, or 145% of total General Fund expenditures and 130% of total General Fund revenues including other financing sources.
- Overall, the Library improved on a strong financial position and is continuing to work to improve on this financial position.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

ALLEN PARISH LIBRARY

Management's Discussion and Analysis (Continued)

OVERVIEW OF FINANCIAL STATEMENTS

This Management's Discussion and Analysis document introduces the Library's basic financial statements, which include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Library also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when available.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Library's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Library's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Position*. This is the government-wide statement of position presenting information that includes all of the Library's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Library as a whole is improving or deteriorating. Evaluation of the overall health of the Library would extend to other non-financial factors such as diversification of the taxpayer base, or the condition of Library infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the Library's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Library's distinct activities or functions on revenues provided by the Library's taxpayers.

Government-wide financial statements reflect governmental activities of the Library that are primarily supported by ad valorem taxes. Governmental activities principally include the operation of three libraries in Allen Parish. The government-wide financial statements are presented on pages 15 and 16 of this report.

FUND FINANCIAL STATEMENTS

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Library uses funds to ensure and demonstrate compliance with finance-related laws and regulations.

ALLEN PARISH LIBRARY

Management's Discussion and Analysis (Continued)

The Library has one kind of fund:

Governmental fund is reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Library's governmental fund. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 18 through 21 of this report.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the basic financial statements begin on page 22 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information consisting of (1) the management's discussion and analysis (on pages 3 – 10), (2) the budgetary comparison statement which demonstrates compliance with the Library's adopted and final revised budgets (on page 42), (3) the schedule of the Library's proportionate share of net pension liability (asset) for the Parochial Employee Retirement System (PERS), and (4) and the related schedule of pension plan contributions (on pages 43 – 44).

As discussed, the Library reports one major fund in the basic financial statements. The other supplementary information including the schedule of compensation paid to the Board of Control members, and the schedule of compensation, benefits and other payments to the chief executive officer is presented in a subsequent section of this report beginning on page 47.

ALLEN PARISH LIBRARY

Management's Discussion and Analysis (Continued)

FINANCIAL ANALYSIS OF THE LIBRARY AS A WHOLE

The Library's net position at fiscal year-end are \$4,218,807. The following table provides a summary of the Library's net position:

	<u>2018</u>		<u>2017</u>	
Assets:				
Current assets	\$ 1,714,567	40%	\$ 1,615,737	39%
Capital assets, net	2,443,300	56	2,545,632	61
Other assets	<u>168,572</u>	<u>4</u>	<u>-</u>	<u>-</u>
Total assets	4,326,439	<u>100%</u>	4,161,369	<u>100%</u>
Deferred outflows of resources	<u>80,895</u>	<u>100%</u>	<u>129,201</u>	<u>100%</u>
Total assets and deferred outflows of resources	<u>4,407,334</u>		<u>4,290,570</u>	
Liabilities:				
Current liabilities	28,569	37%	28,311	17%
Long-term liabilities	<u>48,167</u>	<u>63</u>	<u>134,870</u>	<u>83</u>
Total liabilities	76,736	<u>100%</u>	163,181	<u>100%</u>
Deferred inflows of resources	<u>111,791</u>	<u>100%</u>	<u>17,761</u>	<u>100%</u>
Total liabilities and deferred inflows of resources	<u>188,527</u>		<u>180,942</u>	
Net position:				
Invested in capital assets, net of related debt	2,443,300	58%	2,545,632	62%
Unrestricted	<u>1,775,507</u>	<u>42</u>	<u>1,563,996</u>	<u>38</u>
Total net position	\$ <u>4,218,807</u>	<u>100%</u>	\$ <u>4,109,628</u>	<u>100%</u>

The Library improved on previously strong current ratios. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio is 60.01 to 1 for governmental activities. This compares with the prior year's ratio of 57.07 to 1. This ratio continued to improve over past performance.

The Library reported positive balances in net position for governmental activities. For the fiscal years ended December 31, 2018 and 2017, respectively, net position increased (decreased) by \$109,179 and \$(92,017) for governmental activities. The Library's overall financial position improved during the fiscal year ended in December 31, 2018.

ALLEN PARISH LIBRARY

Management's Discussion and Analysis (Continued)

Note that approximately 58% and 62% of the governmental activities' net position are tied up in capital assets as of December 31, 2018 and December 31, 2017, respectively. The Library uses these capital assets to provide services to its citizens.

The following table provides a summary of the Library's changes in net position:

	2018		2017	
	-	-%	-	-%
Program Revenues	-	-%	-	-%
General Revenues:				
Ad valorem taxes	\$1,244,787	93	\$ 997,195	93
State revenue sharing	56,036	4	56,491	5
Interest	14,800	1	5,046	1
Miscellaneous	30,336	2	15,304	1
Non-employer pension contributions	<u>3,699</u>	<u>-</u>	<u>3,449</u>	<u>-</u>
Total revenues	1,349,658	<u>100%</u>	1,077,485	<u>100%</u>
Expenses:				
Program expenses:				
Culture and recreation	<u>1,240,479</u>	<u>100</u>	<u>1,169,502</u>	<u>100</u>
Total expenses	<u>1,240,479</u>	<u>100%</u>	<u>1,169,502</u>	<u>100%</u>
Change in net position	109,179		(92,017)	
Beginning net position	4,109,628		4,225,723	
Prior period adjustment	<u>-</u>		<u>(24,078)</u>	
Beginning net position as restated	<u>4,109,628</u>		<u>4,201,645</u>	
Ending net position	<u>\$4,218,807</u>		<u>\$4,109,628</u>	

GOVERNMENTAL REVENUES

The Library is heavily reliant on ad valorem taxes to support governmental operations. Ad valorem taxes accounted for 93% of the revenues for governmental activities, as compared with 93% in the prior year. Also note that the Library had no program revenues in 2018 or 2017 to fund governmental operating expenses. This means that the government's taxpayers and the Library's general revenues fund 100% (100% in the prior fiscal year) of the governmental activities. As a result, the general economy and the local businesses have a major impact on the Library's revenue streams.

GOVERNMENTAL FUNCTIONAL EXPENSES

For the fiscal years ended December 31, 2018 and 2017, culture and recreation comprised 100% of the Library's total expenses and governmental expenditures.

ALLEN PARISH LIBRARY

Management's Discussion and Analysis (Continued)

FINANCIAL ANALYSIS OF THE LIBRARY'S FUNDS

Governmental Funds

As discussed, the governmental fund is reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. The governmental fund reported ending fund balances of \$1,754,715 and \$1,526,817 for the fiscal years ended December 31, 2018 and 2017, respectively. Of the year-end total fund balance for December 31, 2018, \$1,610,774 was unassigned, indicating availability for continuing Library service requirements, and non-spendable fund balance was \$143,971.

The total ending fund balance of the governmental fund shows an increase of \$227,898. This compares with an increase of \$125,328 experienced in the prior fiscal year ended December 31, 2017.

Major Governmental Funds

The General Fund is the Library's primary operating fund and the only source of day-to-day service delivery. The General Fund's fund balance increased by \$227,898 in the current fiscal year, while in the fiscal year ended December 31, 2017, the fund balance increased by \$125,328.

Revenues increased \$174,602 or 15% more than the prior year, reflecting primarily increases in ad valorem taxes. Expenditures increased \$72,032 or 7% more than the prior year, reflecting primarily increases in salaries and wages.

The General Fund's ending fund balance was \$1,754,715 representing the equivalent of 157% of its annual expenditures and 131% of its annual revenues including other financing sources.

BUDGETARY HIGHLIGHTS

The General Fund - Both the revenue and the expenditure sides of the current year final budget for the General Fund were revised by a \$72,165 increase and a \$70,863 increase, respectively, in relation to the prior year's final budget. The primary changes in the General Fund's amended budget reflect a decrease in ad valorem tax revenues, and a decrease in capital outlay expenditures.

The actual revenues exceeded the final budget by \$202,613 or 18% and the actual expenditures were less than the final budgeted expenditures by \$23,983 or 2%.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Library's investment in capital assets, net of accumulated depreciation, for governmental-type activities as of December 31, 2018, was \$2,443,300, while that figure as of December 31, 2017, was \$2,545,632. The overall decrease was 4% for the Library as a whole. See Note E for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

ALLEN PARISH LIBRARY

Management's Discussion and Analysis (Continued)

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
Nondepreciable assets-land	\$ 10,500	\$ 10,500
Depreciable assets:		
Buildings	2,653,048	2,653,048
Books	440,258	454,963
Furniture and fixtures	115,497	115,497
Equipment	<u>187,186</u>	<u>203,223</u>
Total depreciable assets	3,395,989	3,426,731
Less accumulated depreciation	<u>963,189</u>	<u>891,599</u>
Book value-depreciable assets	\$ <u>2,432,800</u>	\$ <u>2,535,132</u>
Percentage depreciated	<u>28%</u>	<u>26%</u>
Book value-all assets	\$ <u>2,443,300</u>	\$ <u>2,545,632</u>

The depreciable capital assets for governmental activities were 28% and 26% depreciated for the fiscal years ended December 31, 2018 and December 31, 2017, respectively. This comparison indicates that the Library is replacing its governmental assets slower than they are depreciating.

The major additions are:

- Computers
- Books

Long-Term Debt

At the end of the fiscal year, the Library did not report any long-term debt outstanding. However, based upon an agreement between the Library and the Allen Parish Police Jury, the Library will fund the repayment of \$1,500,000 Limited Tax Library Revenue Bonds issued in April, 2015. All of this amount is backed by the full faith and credit of the Allen Parish Police Jury, not the Library, with debt service funded by ad valorem taxes revenues collected by the Library.

During the year, the Library funded \$210,000 in long-term debt retirement. See Note K for additional information regarding long-term debt.

ALLEN PARISH LIBRARY

Management's Discussion and Analysis (Continued)

CONTACTING THE LIBRARY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Library's finances, comply with finance-related laws and regulations, and demonstrate the Library's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the Library's Director, Agnes Guillory, P.O. Box 400, Oberlin, LA 70655.

ROYCE T. SCIMEMI, CPA, APAC



CERTIFIED PUBLIC ACCOUNTANT

P.O. Box 210
405 Tiger Lane
Oberlin, LA 70655
Tele (337) 639-4334, Fax (337) 639-4068

Member
American Institute of
Certified Public Accountants

Member
Society of Louisiana
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Control
Allen Parish Library
Oberlin, Louisiana

June 27, 2019

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the only major fund of the Allen Parish Library (the Library), a component unit of the Allen 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 Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Library's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Independent Auditors' Report
Allen Parish Library
June 27, 2019
Page 2

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 - 10, the budgetary comparison information, schedule of employer's proportionate share of net pension liability (asset), schedule of employer's pension plan contributions, and the notes to such information on pages 42 - 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

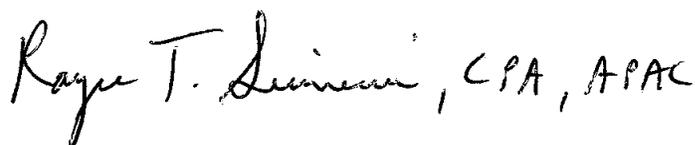
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Library's basic financial statements. The schedule of compensation paid to the Board of Control Members and the schedule of compensation, benefits and other payments to chief executive officer are presented on pages 47 through 48 for purposes of additional analysis and are not a required part of the basic financial statements. Such information was derived from and relate directly to the underlying accounting and other records used to prepare 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 our opinion, the compensation paid to the Board of Control Members and the schedule of compensation, benefits and other payments to chief executive officer are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2019, on our consideration of the Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Library's 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 Library's internal control over financial reporting and compliance.

Royce T. Scimemi, CPA, APAC
Oberlin, Louisiana



BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)

**Allen Parish Library
Statement of Net Position
December 31, 2018**

	Primary Government
	Governmental Activities
ASSETS	
Current assets:	
Cash	\$ 573,916
Investments	417,582
Taxes receivable	692,383
Due from other governmental units	18,354
Prepaid items	12,332
Total current assets	1,714,567
Noncurrent assets:	
Land	10,500
Capital Assets, Net	2,432,800
Equipment deposit	131,639
Net pension asset	36,933
Total noncurrent assets	2,611,872
Total Assets	4,326,439
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	80,895
Total Deferred Outflows of Resources	80,895
LIABILITIES	
Current liabilities:	
Accounts payable	13,835
Accrued liabilities	7,349
Salaries payable	7,385
Total current liabilities	28,569
Noncurrent liabilities:	
Compensated absences payable	48,167
Total noncurrent liabilities	48,167
Total Liabilities	76,736
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	111,791
Total Deferred Inflows of Resources	111,791
NET POSITION	
Net investment in capital assets	2,443,300
Unrestricted	1,775,507
Total Net Position	\$ 4,218,807

The accompanying notes are an integral part of the basic financial statements.

**Allen Parish Library
Statement of Activities
For the Year Ended December 31, 2018**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Governmental Activities</u>
Primary Government					
Governmental Activities:					
Culture and recreation	\$ 1,240,479	\$ --	\$ --	\$ --	\$ (1,240,479)
Total Governmental Activities	\$ 1,240,479	\$ --	\$ --	\$ --	(1,240,479)
General Revenues					
Taxes:					
					1,244,787
					56,036
					3,964
					14,800
					3,699
					26,372
					<u>1,349,658</u>
					109,179
					4,109,628
					<u>\$ 4,218,807</u>

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

**Allen Parish Library
Balance Sheet
Governmental Fund
December 31, 2018**

		<u>General Fund</u>
ASSETS		
Cash	\$	573,916
Investments		417,582
Taxes receivable		692,383
Due from other governmental units		18,354
Prepaid items		12,332
Equipment deposit		131,639
Total Assets		<u>1,846,206</u>
 DEFERRED OUTFLOWS OF RESOURCES		
Aggregated deferred outflows		--
Total Assets and Deferred Outflows of Resources	\$	<u>1,846,206</u>
 LIABILITIES		
Accounts payable	\$	13,835
Accrued liabilities		7,349
Salaries payable		7,385
Total Liabilities		<u>28,569</u>
 DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - delinquent ad valorem taxes		62,922
Total Liabilities and Deferred Inflows of Resources		<u>91,491</u>
 FUND BALANCE		
Nonspendable		143,971
Unassigned		1,610,744
Total Fund Balance		<u>1,754,715</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$	<u>1,846,206</u>

The accompanying notes are an integral part of the basic financial statements.

Allen Parish Library
Reconciliation of Governmental Fund Balance Sheet with the Statement of Net Position
December 31, 2018

Total Fund Balance - Governmental Fund	\$	1,754,715
Pension related changes in net pension asset/liability that are only reported as deferred inflows of resources in the Statement of Net Position.		(111,791)
Some of the Library's ad valorem taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources in the fund financial statements only.		62,922
Pension related changes in net pension asset/liability that are only reported as deferred outflows of resources in the Statement of Net Position.		80,895
Fixed assets are capitalized in the Statement of Net Position and depreciated in the Statement of Activities. These are expensed when acquired in the Statement of Revenues, Expenditures, and Changes in Fund Balance.		2,443,300
Net pension asset reflected on the Statement of Net Position and not in Governmental Fund Balance Sheet.		36,933
Compensated absences payable reflected on the Statement of Net Position and not in the Governmental Fund Balance Sheet .		(48,167)
Total Net Position - Governmental Activities	\$	<u>4,218,807</u>

The accompanying notes are an integral part of the basic financial statements.

Allen Parish Library
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For the Year Ended December 31, 2018

	General Fund
Revenues	
Taxes - ad valorem	\$ 1,242,474
Intergovernmental	60,000
Interest	14,800
Miscellaneous	26,372
Total Revenues	1,343,646
Expenditures	
Current:	
Advertising	175
Dues and subscriptions	1,304
Electronic resources	19,051
Insurance	109,487
Miscellaneous	4,901
Office supplies	844
Payroll taxes	7,549
Pension expense	39,723
Periodicals and subscriptions	5,398
Professional services	12,000
Rents	14,971
Repairs and maintenance	68,133
Retirement	32,706
Salaries and wages	385,968
Supplies	36,427
Telephone	18,568
Travel	33,586
Utilities	54,361
Debt Service:	
Principal retirement	210,000
Interest	19,278
Capital outlay	41,318
Total Expenditures	1,115,748
Net Change in Fund Balance	227,898
<i>Fund Balance at Beginning of Period</i>	<i>1,526,817</i>
Fund Balance at End of Period	\$ 1,754,715

The accompanying notes are an integral part of the basic financial statements.

Allen Parish Library
Reconciliation of Governmental Fund Statement of Revenues, Expenditures, and
Changes in Fund Balance with Statement of Activities
For the Year Ended December 31, 2018

Total Net Change in Fund Balance - Governmental Fund	\$	227,898
Basis in assets disposed of during the year.		(150)
Capital assets expensed as capital outlay in governmental fund statements and capitalized as fixed assets in Statement of Net Position.		41,318
Compensated absences expensed as paid in governmental fund statements, expensed as incurred in entity-wide statements, and reflected as liability on Statement of Net Position.		(9,456)
Depreciation expense reflected in entity-wide statements and not reflected in governmental fund statements.		(143,500)
Contributions to retirement systems by non-employers.		3,699
Pension expense is based on employer contributions in the government funds Statement of Revenues, Expenditures, and Changes in Net Position but actuarially calculated expense on the Statement of Activities.		(12,943)
Some of the Library's ad valorem taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources in the fund financial statements. Net decrease in unavailable revenues - delinquent ad valorem taxes.		2,313
Changes in Net Position - Governmental Activities	\$	<u>109,179</u>

The accompanying notes are an integral part of the basic financial statements.

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Notes to Basic Financial Statements

(A) Summary of Significant Accounting Policies

The accompanying financial statements of the Allen Parish Library (the Library) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of these notes.

Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:513 and to the guideline set forth in the industry audit guide, *Audits of State and Local Governments*, issued by the American Institute of Certified Public Accountants, and the *Louisiana Governmental Audit Guide*.

The following is a summary of certain significant accounting policies:

1. Financial Reporting Entity

GASB Statement 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Statement 14, the Library includes all funds that are within its oversight responsibility.

As the governing authority, for reporting purposes, the Allen Parish Police Jury is the financial reporting entity. The financial reporting entity consists of (a) the primary government, (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.

GASB Statement 14 established criteria for determining which component units should be considered part of the Allen 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:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Allen Parish 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 Allen Parish Police Jury.

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Notes to Basic Financial Statements (Continued)

2. Organizations for which the Allen Parish Police Jury does not appoint a voting majority but are fiscally dependent on the Allen Parish Police Jury.
3. Organizations for which the reporting entity financial statements could be misleading if data of the organization is not included because of the nature or significance of the relationship.

The Allen Parish Library is a component unit of the Allen Parish Police Jury and was created under Louisiana Revised Statute 25:211. The purpose of the Library is to provide library facilities to residents within its boundaries. The Library operates under a Board of Control. The Police Jury does provide financing, and it does exercise some control over operations by virtue of the fact that it appoints the Board of Control. The Library itself has no component units.

This report includes the funds, which are controlled by or dependent on the Library's executive and legislative branches (the Board of Control). Control by or dependence on the Library was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibilities. These financial statements represent the financial position and activity of the District alone and not that of the Allen Parish Police Jury.

2. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The government-wide financial statements provide operational accountability information for the Library as an economic unit. The government-wide financial statements report the Library's ability to maintain service levels and continue to meet its obligations as they come due. These statements include all governmental activities of the Library.

Fund Financial Statements (FFS)

The accounts of the Library are organized on the basis of funds, each of which is considered to be an independent fiscal and accounting entity. The operations of each fund are accounted for within separate sets of self-balancing accounts, which comprise its assets, deferred inflows of resources, liabilities, deferred outflows of resources, fund balance/net position, revenues, expenditures/expenses, and transfers. The General Fund is always a major governmental fund. 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 Library functions and activities. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Library or if its total assets, liabilities, revenues, or

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Notes to Basic Financial Statements (Continued)

expenditures are at least 10% of the corresponding total for all governmental funds. The Library has one fund, the General Fund, which is therefore considered its major fund and is categorized as a governmental fund. The fund used by the Library is described below.

Governmental funds are those through which most governmental functions are financed. The acquisition, use and balances of the Library's expendable financial resources and the related liabilities are accounted for through governmental funds.

General Fund

The Library's governmental fund is the General Fund, which is the general operating fund of the Library. It is used to account for all financial resources except those required to be accounted for in another fund.

3 Measurement Focus/Basis of Accounting, and Financial Statement Presentation

The measurement focus determines the accounting and financial reporting treatment applied to a fund or governmental activity. The governmental activities within the government-wide statement of net position and statement of activities are presented using the economic resources measurement focus. The economic resources measurement focus meets the accounting objectives of determining net income and net position.

The fund financial statements use either the current financial resources measurement focus or the economic resources measurement focus as appropriate. Governmental funds use the current financial resources measurement focus. This measurement focus is based upon the receipt and disbursement of current available financial resources rather upon net income.

The accrual basis of accounting is used throughout the government-wide financial statements; conversely, the financial statements of the General Fund have been prepared in accordance with the modified accrual basis of accounting, whereby revenues are recognized when considered both measurable and available to finance expenditures of the current period. For this purpose, the Library considers revenues to be available if they are collected within sixty (60) days from the end of the current fiscal period. The Library accrues intergovernmental and tax revenues based upon this concept. Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific purposes or projects are recognized in the period in which the expenditures are recorded. All other revenue items are considered to be measurable and available only when the cash is received by the Library.

Expenditures are generally recognized when the related fund liabilities are incurred and become payable in the current period. Proceeds of debt are reported

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Notes to Basic Financial Statements (Continued)

as other financing sources, and principal and interest on long-term debt, as well as expenditures related to compensated absences, are recorded as expenditures when paid.

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide presentations.

4. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Equity

Cash and interest-bearing deposits

Cash and interest-bearing deposits include all demand accounts and savings accounts of the Library.

Investments

Under state law, the Library may deposit funds with a fiscal agent organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The Library may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having an office in Louisiana. In accordance with professional standards, investments meeting the criteria specified in the standards are stated at fair value, which is either a quoted market price or the best estimate available. Investments which do not meet the requirements are stated at cost.

Receivables

In the government-wide statements, receivables, including amounts due from other governments, consist of all revenues earned at year-end and not yet received.

Prepaid Items

Payments made to vendors for services that will benefit the period beyond December 31, 2018 are recorded as prepaid items.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. The Library's accounting policies regarding capital assets are that these assets, with an initial cost of \$500 or more, are to be capitalized and depreciated over

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Notes to Basic Financial Statements (Continued)

their estimated useful lives. Purchased or constructed capital assets are valued at historical cost or estimated historical cost. Donated capital assets are recorded at fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Building and improvements	40 years
Books, furniture, fixtures, and equipment	5-10 years

Compensated Absences

Each full-time employee earns eight (8) hours of sick leave per month, which can be accumulated up to sixty days and is converted to a retirement credit at time of retirement. Employees who resign or are dismissed from employment shall not be paid for any accrued sick leave.

Vacation leave is earned for each full-time employee as follows and may be accumulated and carried over each year up to the amount of leave earned yearly.

Administrative staff days	22
Professional staff	
1 year to 10 years of service days	10
10 years or more of service days	15

Employees also earn compensated time for overtime hours worked. The compensated time may be used as time off in the future in lieu of overtime pay. Employees may accumulate and carry over vacation leave and compensated time.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Library has one item that qualifies for reporting in this category, the deferred outflow of resources attributable to its pension plan. The Library reported deferred outflows of resources related to pensions of \$80,895 at December 31, 2018.

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Notes to Basic Financial Statements (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Library has one item that qualifies for reporting in this category in the government-wide statement of net position, the deferred inflow of resources attributable to its pension plan. The Library reported deferred inflows of resources related to pensions of \$111,791 at December 31, 2018. The Library also reported deferred inflows of resources in the general fund balance sheet related to unavailable delinquent ad valorem tax revenue of \$62,922 at December 31, 2018.

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, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position consists of net position with constraints placed on the use either by external groups, such as grantors, creditors, contributors, or laws and regulations of other governments, or law through constitutional provisions or enabling legislation.
- c. Unrestricted net position consists of all other assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet the definition of "restricted" or "net investments in capital assets."

It is the Library's policy to use restricted net position prior to the use of unrestricted net position when both restricted and unrestricted net position are available for an expense which has been incurred.

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily upon the extent to which the Library is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The categories and their purposes are:

1. Nonspendable includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints requiring they remain intact. The Library's

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Notes to Basic Financial Statements (Continued)

nonspendable fund balance includes prepaid insurance and equipment deposits.

2. Restricted includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as grantors, donors, and creditors, or amounts constrained due to constitutional provisions or enabling legislation.
3. Committed includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal legislative action of the Board of Control and do not lapse at year-end. A committed fund balance constraint can only be established, modified, or rescinded by passage of a resolution by the Board of Control.
4. Assigned includes fund balance amounts that are constrained by the Library's intent to be used for specific purposes, that are neither restricted nor committed. An assignment of fund balance is authorized by a directive from the Library's Director with approval by a resolution by the Board of Control.
5. Unassigned includes fund balance amounts which have not been classified within the above-mentioned categories.

In governmental funds, the Library's policy is to first apply the expenditures toward restricted fund balance and then to other, less-restrictive classifications (committed and then assigned fund balances) before using unassigned fund balances.

As of December 31, 2018, the General Fund's balance is composed of the following:

Nonspendable – prepaid items	\$ 143,971
Unassigned	<u>1,610,744</u>
Total fund balance	<u>\$1,754,715</u>

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Notes to Basic Financial Statements (Continued)

5. Revenues, Expenditures/Expenses

Revenues

The Library considers revenue to be susceptible to accrual in the governmental funds as it becomes measurable and available, as defined under the modified accrual basis of accounting. The Library's major revenue sources that meet this availability criterion are ad valorem tax revenue, state revenue sharing revenue, and intergovernmental revenue.

There are two classifications of program revenues for the Library, program specific grant and contributions revenue and charges for services. Grant revenues are revenues from federal, state, and private grants. These revenues are recognized when all applicable eligibility requirements are met and are reported as intergovernmental revenues. The primary source of charges for services is fees, fines and charges paid by patrons of the Library for services. In the government-wide statement of activities, property taxes and state revenue sharing funds are reported as general revenues because the Library has discretion in the application of these funds to various programs/functions administered by the Library. Interest income is recorded as earned in the fund holding the interest-bearing asset.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by character and function. In the fund financial statements, expenditures are classified by character.

6. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of a) assets, deferred inflows of resources, liabilities, deferred outflows of resources, b) disclosure of contingent assets and liabilities at the date of the financial statements and c) the reported amounts of revenues and expenditures during the reporting period. These estimates include assessing the collectability of accounts receivable and the useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from those estimates.

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Notes to Basic Financial Statements (Continued)

(B) Cash and Interest-Bearing Deposits

Under state law, the Library may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Library may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having an office in Louisiana. At December 31, 2018, the Library has cash and interest-bearing deposits (book balances) totaling \$573,916, as follows:

Demand deposits	<u>\$573,916</u>
-----------------	------------------

These deposits are stated at cost, which approximates market. Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Library's deposits may not be recovered or the collateral securities that are in the possession of an outside party will not be recovered. Under state law, 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 bank. 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.

Deposit balances (bank balances) at December 31, 2018, are secured as follows:

Bank balances	\$ 575,761
Federal deposit insurance	(250,500)
Collateral securities (Category 3)	<u>(325,261)</u>
Total – uninsured and uncollateralized	<u>\$ _____</u>

Deposits in the amount of \$325,261 were exposed to custodial credit risk. These deposits are collateralized with securities held by the pledging institution, its trust department or agent, but not in the Library's name (Category 3 deposits). 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 has failed to pay deposited funds upon demand.

(C) Investments

At December 31, 2018, the Library's investments were as follows:

<u>Investment Type</u>	<u>% of Portfolio</u>	<u>Fair Value</u>	<u>Less Than One Year</u>	<u>One-Five Years</u>
Governmental Activities:				
Louisiana Asset Management Pool (LAMP)	<u>100%</u>	<u>\$417,582</u>	<u>\$417,582</u>	<u>\$ _____</u>

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Notes to Basic Financial Statements (Continued)

Interest Rate Risk – The Library does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk/Concentration of Credit Risk – Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Library limits investments to government securities that are direct and indirect obligations of the United States Government. At December 31, 2018, the Library did not have any such investments.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of a counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Library requires all investments to be in the Library’s name and all ownership securities to be evidenced by an acceptable safekeeping receipt issued by a third-party financial institution which is acceptable to the Library.

The Library participates in the Louisiana Asset Management Pool (LAMP). LAMP is an investment pool established as a cooperative endeavor to enable public entities of the State of Louisiana to aggregate funds for investment. LAMP is not registered with the Securities and Exchange Commission (SEC) as an investment company. LAMP is intended to improve administrative efficiency and increase yield of participating public entities. LAMP’s portfolio securities are valued at market value even though amortized cost method is permitted by Rule 2a-7 of the Investment Company Act of 1940, as amended, which governs registered money market funds. Because LAMP is not a money market fund, it has no obligation to conform to this rule.

The investment in LAMP is not exposed to custodial credit risk and is not categorized in the three categories provided by GASB Codification Section I50.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. LAMP has a fund rating of AAA issued by Standard & Poor’s. The fair value of investments is determined on a weekly basis by LAMP, and the fair value of the Library’s investment in LAMP is the same as the value of the pool shares.

(D) Due from Other Governmental Units

Amounts due from other governmental units at December 31, 2018 consisted of the following:

Amount due from the Allen Parish Sheriff’s Office for state revenue sharing payments for fiscal year ended December 31, 2018.	\$18,354
---	----------

(E) Capital Assets

Capital asset balances and activity for the year ended December 31, 2018 are as follows:

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Notes to Basic Financial Statements (Continued)

	Balance 12/31/17	Additions	Deletions	Balance 12/31/18
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 10,500	\$ -	\$ -	\$ 10,500
Other capital assets:				
Buildings	2,653,048	-	-	2,653,048
Books	454,963	37,468	52,173	440,258
Furniture and fixtures	115,497	-	-	115,497
Equipment	203,223	3,850	19,887	187,186
Totals	3,437,231	41,318	72,060	3,406,489
Less accumulated depreciation:				
Buildings	388,773	66,852	-	455,625
Books	341,254	41,123	52,173	330,204
Furniture and fixtures	46,624	8,442	-	55,066
Equipment	114,948	27,083	19,737	122,294
Total accumulated depreciation	891,599	143,500	71,910	963,189
Capital assets, net	\$ 2,545,632	\$ (102,182)	\$ 150	\$ 2,443,300

Depreciation expense of \$143,500 was charged to the culture and recreation function.

(F) Accounts, Salaries, and Other Payables

The accounts, salaries, and other payables consisted of the following at December 31, 2018:

Accounts payable	\$ 13,835
Salaries payable	7,385
Payroll liabilities payable	5,499
Accrued liabilities payable	1,850
Total	\$ 28,569

(G) Unavailable Revenues

Unavailable revenues are reported in governmental funds and represent revenue received more than 60 days following year-end (and, therefore, unavailable to pay liabilities of the current period). Unavailable revenue received after 60 days is recognized as revenue in the government-wide financial statements. At December 31, 2018, governmental funds' revenues that have been earned but are unavailable totaled \$62,922, which was comprised of delinquent ad valorem tax revenue.

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Notes to Basic Financial Statements (Continued)

(H) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied in September or October and are actually billed to the taxpayers in November or December. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year. Tax revenues are recognized in the year they are billed.

The taxes are based on assessed values determined by the Tax Assessor of Allen Parish and are collected by the Sheriff. The taxes are remitted to the Allen Parish Library net of deductions for pension fund contributions.

For the year ended December 31, 2018, taxes of 10.81 mills were levied on property with net assessed valuations totaling \$116,104,311 and were dedicated to paying the administrative, operations and maintenance expenditures for the Library. Total taxes levied during 2018 were \$1,255,088. Taxes receivable at December 31, 2018 totaled \$692,383.

(I) Employee Retirement System

The Library participates in a cost-sharing, multiple employer defined benefit plan, the Parochial Employees' Retirement System (PERS), administered by a separate public employee retirement system. Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of the plan administered by this public employee retirement system to the State Legislature. The plan is not closed to new entrants. Substantially all Library employees participate in the system.

Plan Description

PERS provides retirement, disability, and survivor benefits to eligible employees and their beneficiaries as defined in Louisiana Revised Statutes 11:1901 and 11:1941. All permanent Library employees who work at least 28 hours a week shall become members on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate. The Library participates in Plan A.

PERS' financial statements are prepared using the accrual basis of accounting. Employer and employee contributions are recognized in the period in which the employee is compensated for services performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Interest income is recognized when earned. Ad valorem taxes and revenue sharing monies are recognized in the year collected by the tax collector.

A brief summary of eligibility and benefits of the plans are provided in the following table:

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Notes to Basic Financial Statements (Continued)

Final average salary	Final average compensation
Years of service required and/or age eligible for benefits for employees hired prior to December 31, 2006	30 years at any age 25 years age 55 10 years age 60 7 years age 65
Years of service required and/or age eligible for benefits for employees hired after January 1, 2007	30 years age 55 10 years age 62 7 years age 67
Benefit percent per year of service for the members' final average compensation multiplied by his/her years of creditable service	3.0%

Survivor Benefits

Upon the death of any member of Plan A with five (5) or more years of creditable service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children, as outlined in the statutes. Upon the death of any member of Plan A who is eligible for normal retirement at time of death, the surviving spouse shall receive an automatic Option 2 benefit, as outlined in the statutes. A surviving spouse who is not eligible for Social Security survivorship or retirement benefits, and married not less than twelve (12) months immediately preceding death of the member, shall be paid an Option 2 benefit beginning at age 50.

Deferred Retirement Option Plan (DROP)

Act 338 of 1990 established the DROP for the retirement system. DROP is an option for members who are eligible for normal retirement. In lieu of terminating employment and accepting a service retirement, any member who is eligible to retire may elect to participate in the DROP in which they are enrolled for three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP fund.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at their option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund or roll over the fund to an individual retirement account. Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date.

For individuals who become eligible to participate in the DROP on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in DROP will be placed in liquid asset money market investments at the discretion of the PERS board of trustees. These subaccounts may be credited with interest based on money market rates of return or, at the

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Notes to Basic Financial Statements (Continued)

option of the PERS, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of DROP must agree that the benefits payable to the participant are not the obligations of the state or the PERS, and that any returns and other rights of DROP are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

Disability Benefits:

A member shall be eligible to retire and receive a disability benefit if they were hired prior to January 1, 2007 and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable services, and is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member shall be paid a disability benefit equal to the lesser of an amount equal to 3% of the member's final average compensation multiplied by his years of service, not to be less than 15, or 3% multiplied by years of service assuming continued service to age 60.

Contributions

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee. In addition, PERS receives a percentage of ad valorem taxes collected by parishes. These entities are not participating employers in the pension system and are considered to be non-employer contributing entities. For the year ended December 31, 2018, the contribution percentages for employees and employers were 9.5% and 11.5%, respectively. The amounts contributed from non-employer contributing entities and from the Library for the year ended December 31, 2018 were \$3,699 and \$3,449, respectively.

At December 31, 2018 the Library reported payables of \$1,107 for the outstanding amount of contributions due to the retirement system for the year.

Net Pension Asset/Liability

The Library's net pension asset at December 31, 2018 of \$36,933 is comprised of its proportionate share of the net pension asset relating to the cost-sharing plan. The Library's net pension asset for the plan was measured as of the plan's measurement date, 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 Library's proportionate share of the net pension asset for the plan was based on the Library's required contributions in proportion to total required contributions for all employers.

As of the most recent measurement date, the Library's proportion for the plan was 0.049758% and the change in proportion from the prior measurement date was in decrease of 0.003068%.

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Notes to Basic Financial Statements (Continued)

Since the measurement date of the net pension asset was December 31, 2017 for PERS, the net pension asset is based upon fiduciary net position for the plan as of that date. Detailed information about the plan's assets, deferred outflows, liabilities, deferred inflows, and fiduciary net position that was used in the measurement of the Authority's net pension asset is available in the separately issued plan financial report which may be accessed on their website at <http://www.persla.org/>.

Actuarial Assumptions

The following table provides information concerning actuarial assumptions used in the determination of the total pension asset/liability for PERS:

Valuation Date	December 31, 2017
Actuarial Cost Method	Entry Age Normal
Expected Remaining Service Lives	4 years
Investment Rate of Return	7.00%, net of investment expense, including inflation
Projected Salary Increases	5.25% (2.75% Merit/2.50% Inflation)
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the PERS 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.
Mortality Rates	RP-2000 Employee Sex Distinct Tables were selected for employees. RP-2000 Healthy Annuitant Sex Distinct Tables were selected for annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Tables were selected for disabled annuitants.
Inflation Rate	2.50%

Discount Rate

The discount rate used to measure the total pension asset was 6.75% for Plan A. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates 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 payments to determine the total pension asset/liability.

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the capital asset pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Notes to Basic Financial Statements (Continued)

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 rates 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 of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.62% for the year ended December 31, 2017.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2017 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Fixed income	35%	1.24%
Equities	52%	3.57%
Alternatives	11%	0.69%
Real assets	<u>2%</u>	<u>0.12%</u>
Total	<u>100%</u>	5.62%
Inflation		<u>2.00%</u>
Expected Arithmetic Nominal Return		<u>7.62%</u>

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2010 through December 31, 2014. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. The RP-2000 Healthy Annuitant Sex Distinct Tables (set forward two years for males and set forward one year for females) projected to 2031 using Scale AA was selected for annuitants and beneficiaries. For disabled annuitants, the RP-2000 Disabled Lives Mortality Table set back five years for males and three years for females was selected. For active employees, the RP2000 Employee Sex Distinct Tables set back four years for males and three years for females was used.

Cost of Living Adjustments

PERS has the authority to grant cost-of-living adjustments (COLAs) on an ad hoc basis. Pursuant to Louisiana Revised Statute 11:242(B), the power of the Board of Trustees of the PERS to grant a COLA is effective in calendar years that the legislature fails to grant a COLA, unless in the legislation granting a COLA, the legislature authorizes the Board of Trustees to provide an additional COLA. The authority to grant a COLA by the Board is subject to the funded status and interest earnings. The effects of the benefit changes made as a result of the COLAs is included in the measurement of the total pension liability as of the measurement date at which the ad hoc COLA was granted and the amount is known and reasonably estimable.

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to the Pension Plan

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Notes to Basic Financial Statements (Continued)

Changes in the net pension asset/liability may either be reported in pension expense in the year the change occurred or recognized as a deferred outflow of resources or a deferred inflow of resources in the year the change occurred and amortized into pension expense over a number of years. For the year ended December 31, 2018, the Library recognized (\$1,499) in pension expense related to its pension plan. The Library also recognized revenues in the amount of \$3,699 in ad valorem taxes collected from non-employee contributing entities.

At December 31, 2018, the Library reported deferred outflows of resources and deferred inflows of resources related to its pension plan from the following sources:

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 23,907
Net difference between projected and actual earnings on pension plan investments	-	85,325
Changes in assumptions	46,615	-
Changes in proportion and differences between Library contributions and proportionate share of contributions	1,574	2,559
Library contributions subsequent to the measurement date	<u>32,706</u>	<u>-</u>
Total	<u>\$ 80,895</u>	<u>\$111,791</u>

Deferred outflows of resources of \$32,706 resulting from the employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability during the year ending December 31, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions to be recognized in pension expense are as follows:

	Net Amount Recognized in Pension Expense
2019	\$ 5,522
2020	(6,176)
2021	(29,132)
2022	<u>(33,816)</u>
Total	<u>\$(63,602)</u>

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

The following presents the Library's proportionate shares of the net pension asset/liability of the plan, calculated using the discount rate, as well as what the Library's proportionate share of

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Notes to Basic Financial Statements (Continued)

the net pension asset/liability would be if they were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Library's proportionate share of the net pension liability (asset)	\$ 182,092	\$(36,933)	\$(222,008)

Change in Net Pension Asset/Liability – The changes in net pension asset/liability for the year ended December 31, 2018 were recognized in the current reporting period as pension expense except as follows:

Differences Between Expected and Actual Experience:

Differences between expected and actual experience with regard to economic or demographic factors in the measurement of total pension asset/liability were recognized in pension expense using the straight-line method amortization over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in a deferred inflow of resources of \$23,907 for the year ended December 31, 2018.

Net Difference between Projected and Actual Earnings on Pension Plan Investments:

Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed four year period. The difference between projected and actual earnings on pension plan investments resulted in a deferred inflow of resources of \$85,325 for the year ended December 31, 2018.

Changes in Assumptions or Other Inputs:

Changes of assumption about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. Changes in assumptions or other inputs resulted in a deferred outflow of resources of \$46,615 for the year ended December 31, 2018.

Changes in Proportion:

Changes in proportionate shares of collective net pension asset/liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. Changes in proportionate shares of

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Notes to Basic Financial Statements (Continued)

beginning net pension liability resulted in increases in deferred outflow of resources of \$1,574 and deferred inflows of resources of \$2,559 for the year ended December 31, 2018.

(J) Risk Management

The Library is exposed to risks of loss in areas of general liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year, nor have settlements exceeded coverage for the past three years.

(K) Limited Tax Library Revenue Bonds

In April, 2015, the Allen Parish Police Jury issued \$1,500,000 of Limited Tax Library Revenue Bonds. Based upon an agreement between the Library and the Allen Parish Police Jury, the proceeds of the bonds were utilized to fund renovations of two library branches. The Library in turn funds the debt service requirements of these bonds by transferring ad valorem tax revenue equal to the debt service payment on the bonds annually to the Allen Parish Police Jury. During the year ended December 31, 2018, the Library paid \$229,278 to the Allen Parish Police Jury for annual debt service payments.

(L) Litigation

There was no litigation pending against the Allen Parish Library at December 31, 2018.

(M) Tax Abatements

Louisiana's State Constitution Article VII, Section 21 authorized the State Board of Commerce and Industry to create a ten (10) year ad valorem tax abatement program for new manufacturing establishments in the State. Under the terms of this program, qualified businesses may apply for an exemption of local ad valorem taxes on capital improvements and equipment relating to manufacturing for the first ten years of its operation; after which the property will be added to the local tax roll and taxed at the value and millage in force at the time. The future value of this exempt property could be subject to significant fluctuation from today's value; however, the Library could receive a substantial increase in ad valorem tax revenues once the exemption on this property expires. All applicable agreements have been entered into by the Allen Parish Police Jury and directly affect the Library's ad valorem assessments. Because these taxes are not assessed or due, no adjustments have been made to the Library's basic financial statements to record a receivable. As of December 31, 2018, \$4,439,470 of assessed property in the Library's taxing jurisdiction is receiving this exemption for the "parish out" millage. This resulted in an ad valorem tax exemption amounting to \$47,991.

REQUIRED SUPPLEMENTARY INFORMATION

Allen Parish Library
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Final to Actual</u>
Revenues				
Taxes - ad valorem	\$ 1,180,324	\$ 1,079,329	\$ 1,242,474	\$ 163,145
Intergovernmental	60,439	41,646	60,000	18,354
Interest income	1,520	8,439	14,800	6,361
Miscellaneous	9,010	11,619	26,372	14,753
Total Revenues	<u>1,251,293</u>	<u>1,141,033</u>	<u>1,343,646</u>	<u>202,613</u>
Expenditures				
Current:				
Advertising	1,500	1,075	175	900
Dues and subscriptions	2,600	1,970	1,304	666
Electronic resources	13,400	19,400	19,051	349
Insurance	94,401	112,471	109,487	2,984
Miscellaneous	3,964	5,588	4,901	687
Office supplies	500	1,200	844	356
Payroll taxes	4,500	4,636	7,549	(2,913)
Pension expense	33,000	31,715	39,723	(8,008)
Periodicals and subscriptions	5,000	6,498	5,398	1,100
Professional services	12,000	12,000	12,000	-
Rents	15,000	15,000	14,971	29
Repairs and maintenance	89,500	86,500	68,133	18,367
Retirement	39,948	41,026	32,706	8,320
Salaries and wages	397,787	407,159	385,968	21,191
Supplies	21,600	31,900	36,427	(4,527)
Telephone	11,000	14,000	18,568	(4,568)
Travel	20,000	31,000	33,586	(2,586)
Utilities	51,315	51,315	54,361	(3,046)
Debt Service:				
Principal retirement	210,000	210,000	210,000	-
Interest	19,278	19,278	19,278	-
Capital outlay	206,000	36,000	41,318	(5,318)
Total Expenditures	<u>1,252,293</u>	<u>1,139,731</u>	<u>1,115,748</u>	<u>23,983</u>
Net Change in Fund Balance	<u>(1,000)</u>	<u>1,302</u>	<u>227,898</u>	<u>226,596</u>
<i>Fund Balance at Beginning of Period</i>	1,526,817	1,526,817	1,526,817	-
Fund Balance at End of Period	<u>\$ 1,525,817</u>	<u>\$ 1,528,119</u>	<u>\$ 1,754,715</u>	<u>\$ 226,596</u>

The accompanying notes are an integral part of the basic financial statements.

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Schedule of Library's Proportionate Share of Net Pension Liability (Asset)
Year Ended December 31, 2018*

Year Ended December 31,	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
Parochial Employees' Retirement System of Louisiana – Plan A					
2015	0.067094%	\$ 18,344	\$ 307,275	5.97%	99.15%
2016	0.053592%	\$ 141,070	\$ 276,896	50.97%	92.23%
2017	0.046690%	\$ 96,159	\$ 283,050	33.97%	94.15%
2018	0.049758%	\$ (36,933)	\$ 284,397	(12.99%)	101.98%

* The amounts presented have a measurement date of the previous fiscal year-end.

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

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Schedule of Library's Pension Plan Contributions
Year Ended December 31, 2018

<u>Year Ended December 31,</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractual Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
Parochial Employees' Retirement System of Louisiana – Plan A					
2015	\$ 44,555	\$ 44,555	\$ -	\$ 307,275	14.50%
2016	\$ 35,997	\$ 35,997	\$ -	\$ 276,896	13.00%
2017	\$ 35,381	\$ 35,381	\$ -	\$ 283,050	12.50%
2018	\$ 32,706	\$ 32,706	\$ -	\$ 284,397	11.50%

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

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Notes to Required Supplementary Information

(1) Budget and Budgetary Accounting

The Library follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Library's Director prepares a proposed budget and presents it to the Board of Control prior to ninety days before the beginning of each fiscal year.
2. After the proposed budget is presented to the Board of Control, the Board publishes the proposed budget and notifies the public that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held by the Board on the proposed budget at least ten days after publication of the call for the hearing.
4. Any changes in the proposed annual operating budget require a majority vote of the Board of Control.
5. No later than the last regular meeting of the fiscal year, the Board of Control adopts the annual operating budget for the ensuing fiscal year.
6. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Budget appropriations lapse at year-end.

(2) Excess of Expenditures Over Appropriations

Formal budgetary integration is employed as a management control device during the year, and encumbrance accounting is not used by the Library. Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts. The budget was amended once during the year.

(3) Pension Information

The schedule of the City's proportionate share of the net pension liability and the schedule of the City's pension contributions are intended to show information for 10 years. Additional years will be displayed as they become available.

OTHER SUPPLEMENTARY INFORMATION

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Schedule of Compensation Paid to the Board of Control Members

Year Ended December 31, 2018

Linda Thompson	\$ -
Kay Sonnier	-
Sherry Germany	-
Fran Jordan	-
Craig Vizena	<u>-</u>
Total Compensation Paid to Board Members	\$ <u><u>-</u></u>

The Board of Control members serve without compensation.

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Schedule of Compensation, Benefits and Other Payments to
Chief Executive Officer

Year Ended December 31, 2018

Chief Executive Officer: Agnes Guillory, Director

<u>Purpose</u>		<u>Amount</u>
Salary	\$	65,381
Benefits-insurance		8,465
Benefits-retirement		7,255
Benefits-cell phone		4,174
Car allowance		-0-
Vehicle provided by government		-0-
Per diem		-0-
Reimbursements		-0-
Travel		10,093
Registration fees		-0-
Conference travel		5,804
Continuing professional education fees		305
Housing		-0-
Unvouchered expenses		-0-
Meals		698



ROYCE T. SCIMEMI, CPA, APAC

CERTIFIED PUBLIC ACCOUNTANT

P.O. Box 210
Oberlin, LA 70655
Tele (337) 639-4334, Fax (337) 639-4068

Member
American Institute of
Certified Public Accountants

Member
Society of Louisiana
Certified Public Accountants

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

Board of Control
Allen Parish Library
Oberlin, Louisiana

June 27, 2019

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the only major fund of the Allen Parish Library (the Library), a component unit of the Allen 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 Library's basic financial statements and have issued our report thereon dated June 27, 2019.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

We did identify one deficiency in internal control, described in the accompanying schedule of findings and responses, as item 2018-1 I/C, that we consider to be a significant deficiency.

Compliance and Other Matters

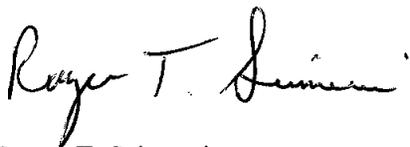
As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance and other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2018-2 C and 2018-3 C.

Allen Parish Library's Response to Findings

The Library's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Library's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 Library's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Royce T. Scimemi
President
Royce T. Scimemi, CPA, APAC
Oberlin, Louisiana

ALLEN PARISH LIBRARY
Oberlin, Louisiana
Schedule of Findings and Responses

Year Ended December 31, 2018

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes X no
- Control deficiencies(s) identified that are not considered to be material weakness(es)? X yes ___ none reported
- Noncompliance material to financial statements noted? ___ yes X no

Findings – Financial Statement Audit

Finding #2018-1 I/C:

Inadequate Segregation of Duties

- Criteria: The Library does not have adequate segregation of duties within the accounting function.
- Cause: The relatively small number of employees that the Library can afford to compensate.
- Effect: Employees are performing functions that should be segregated to prevent them from being able to perform unethical acts and also be influential in concealing those same acts.
- Recommendation: This situation is inherent in most entities of this type and we recommend that the Board of Control take an active interest in the review of all of the financial information.
- Response: See Corrective Action Plan

Finding #2018-2 C:

Article 7, Section 14 of the 1974 Louisiana Constitution

- Condition: The Library rewarded its employees with additional one-time supplemental payments totaling \$21,750 that may have been in violation of Article 7, Section 14 of the 1974 Louisiana Constitution. The Board of Control approved the payments in their October 2018 meeting and the payments were made the following month. This gives the payments the appearance of a gratuity for services previously rendered by the employees.
- Criteria: Article 7, Section 14 of the 1974 Louisiana Constitution prohibits the donation, loan, or pledging of any public funds.
- Cause: It is possible that these payments could have been allowed under certain conditions. If the Library had written provisions in place before the beginning of the fiscal year that provided for the payment contingent upon a specified future event, it may have not been in violation.
- Effect: Possible violation of the Article 7, Section 14 of the 1974 Louisiana Constitution.
- Recommendation: Obtain an Attorney General Opinion as to whether this type of payment is allowable and use his/her direction to prevent any future potential violations.
- Response: See Corrective Action Plan

Finding #2018-3 C:
Public Bid Law Compliance

- Condition: The Library entered into a contract to purchase a book mobile for \$254,095 that may not have been in compliance with the advertising requirements of the Public Bid Law for the purchases of materials and supplies in excess of \$30,000.
- Criteria: The Library was required under the Public Bid Law to have documentation for the advertisements for bids, published at least two times, in the official journal. The first publication must have appeared at least 15 days before the opening of the bids. It must include the time and place that the bids will be received and the time and place they will be opened. They must be publicly opened and read aloud. No documentation of the advertisements was provided on this contract to purchase.
- Cause: Documentation of compliance with the advertising requirements of the Public Bid Law was not gathered at the time the purchase was made.
- Effect: Possible violation of the Public Bid Law.
- Recommendation: Closely monitor acquisition of future purchases of materials and supplies in excess of \$30,000 by the Library to ensure that adequate documentation of advertisements is obtained.
- Response: See Corrective Action Plan

Federal Award Findings and Questioned Costs

- None

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Management's Corrective Action Plan for
Current Year Audit Findings and
Responses (Unaudited)
Year Ended December 31, 2018

Finding #2018-1 I/C:
Inadequate Segregation of Duties

No Response is considered necessary.

Finding #2018-2 C:
Article 7, Section 14 of the 1974 Louisiana Constitution

The Library will obtain an Attorney General Opinion regarding the payments and follow his/her direction for any future supplemental employee payments.

Finding #2018-3 C:
Public Bid Law Compliance

The Library will closely monitor future purchases of materials and supplies in excess of \$30,000 to ensure that adequate documentation of advertisements is obtained.

ALLEN PARISH LIBRARY
Oberlin, Louisiana
Summary Schedule of Prior Year Audit Findings
Year Ended December 31, 2018

Finding #2017-01 I/C:

Segregation of Duties

Due to the small number of employees, the Library did not have adequate segregation of duties within the accounting function.

Finding #2017-02 C:

Uninsured/Uncollateralized Bank Deposits

The Library did not have a staff member monitoring bank deposits to ensure any amounts in excess of FDIC limits were collateralized.

ROYCE T. SCIMEMI, CPA, APAC



CERTIFIED PUBLIC ACCOUNTANT

P.O. Box 210
405 Tiger Lane
Oberlin, LA 70655
Tele (337) 639-4334, Fax (337) 639-4068

Member
American Institute of
Certified Public Accountants

Member
Society of Louisiana
Certified Public Accountants

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Control
Allen Parish Library
Oberlin, Louisiana 70655

June 27, 2019

We have performed the procedures enumerated below, which were agreed to by management of the Allen Parish Library (Library) and the Louisiana Legislative Auditor (LLA) 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. The Library's management 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, we 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:

Written Policies and Procedures

1. Obtain the Library's written policies and procedures and observe that they addressed each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
The written policies address the procedures for preparation, adopting, monitoring, and amending the budget without exception.
 - 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.

The purchasing policy addressed how purchases are initiated without exception. The purchasing policy does not address how vendors are added to the vendor list (Exception). The purchasing policy addresses the preparation and approval process of purchase requisitions, but no purchase order system is in place (Exception). The purchasing policy does provide controls to ensure compliance with the public bid law, including controls with regard to the documentation retention of all bids and price quotes without exception.

- c) **Disbursements**, including processing, reviewing, and approving.

The written policies address the procedures for processing, reviewing, and approving invoices for disbursement without exception.

- d) **Receipts**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

The written policies address the procedures for receiving, recording, and preparing deposits without exception. The written policies include management's actions to determine the completeness of all collections for each type of revenue without exception.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

The written policies address the procedures for payroll processing and reviewing and approving time and attendance records including leave and overtime without exception.

- 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.

The written policies address the procedures for ensuring the types of services requiring written contracts without exception. The written policies also address the procedures for the standard terms and conditions, legal review, approval process, and the monitoring process without exception.

- 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 (e.g., determining the reasonableness of fuel card purchases).

The written policies address the procedures for how cards are to be controlled, allowable business uses, documentation requirements, required approvers, and monitoring card usage without exception.

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

The written policies address the procedures for allowable expenses, dollar thresholds by category of expense, documentation requirements, and required approvers without exception.

- 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 Library's ethics policy.

The written policies address the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, actions to be taken if ethics violation takes place, the procedure for documenting the system to monitor

possible ethics violations and the requirement that all employees, including elected officials, including annually attest through signature verification that they have read the Library's ethics policy, all without exceptions.

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

The written policies do not address the procedures for debt issuance approval (Exception), EMMA reporting requirements (Exception), debt reserve requirements (Exception), and debt service requirements (Exception).

Board (or Finance Committee, if applicable)

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

The meeting minutes reflected that the managing board met bi-monthly in accordance with Article 1 of the Board of Control bylaws, but no meeting occurred for the two-month period ended June 2018 (Exception).

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

Monthly budget-to-actual comparisons on the only fund, being the general fund, were referenced or included in the minutes without exception.

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

The general fund did not have a negative ending unrestricted fund balance in the prior year audit report.

Bank Reconciliations

3. Obtain a listing of client bank accounts 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 each selected account, and observe that:

- a) Bank reconciliations have been prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

No prior year exception in this category. Testing not required.

- b) Bank reconciliations include evidence that a member of management or a 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

N/A

- 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.

N/A

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).

Management provided the list of deposit sites without exception.

- 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.

Employees do share cash drawers with other employees throughout the day (Exception). However, only nominal amounts of cash are collected on a daily basis.

- 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.

None of the employees responsible for collecting cash are responsible for preparing/making bank deposits. Another employee (each branch manager) is responsible for reconciling the collections against the documentation (pre-numbered receipts) to the manual deposit recap.

- 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.

None of the employees responsible for collecting cash have access to the general ledger.

- 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 business manager is the only employee responsible for posting revenue sources to the general ledger and she does not collect any cash.

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

None of the employees that have access to cash were bonded (Exception).

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 statements 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.

All receipts were sequentially pre-numbered for each branch without exception.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

All sequentially pre-numbered receipts, system reports, and other related collection documentation were traced to the deposit slips without exception.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

Deposit slip totals were traced to actual deposits per the bank statements without exception.

- 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).

Deposits were not made within one business day of collections, however cash deposits tested were made on a weekly basis and were less than \$100.00.

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

Actual deposits per the bank statements were traced to the general ledger without exception.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursement, 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).

The listing was provided by management without exception.

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 employee about their job duties, and observe that job duties are properly segregated such that:

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

The policies and procedures in place require at least two employees to be involved in initiating a purchase request, approving a purchase, and placing an order/making purchase.

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

The policies and procedures in place require at least two employees to be 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.

The director and the business manager have the responsibility of approving invoices and processing payments, respectively. They both have access to vendor files and can make changes to it (Exception).

- 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 director and another employee/board member are responsible for signing the checks. Each check requires at least two signatures. After checks are signed, the director then gives the checks to another employee who is not responsible for processing payments to be mailed.

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.

All disbursements matched original invoices without exception.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

The disbursement documentation included evidence of segregation of duties without exception.

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 listing was provided by management without exception.

12. Using the listing prepared by management, randomly select 5 cards (or all the 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.]

Monthly statements, invoices, and original receipts were reviewed and initialed by the director on a monthly basis. No other employee reviews the statement or invoices. Therefore, no one besides the director is reviewing or approving her own charges (Exception).

- b) Observe that finance charges and/or late fees were not assessed on the selected statements.

There were no finance charges and/or late fees assessed with the selected statements.

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 of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Each transaction tested was supported by original itemized receipts that identified precisely what was purchased and documented the business/public purpose including, the individuals participating in meals without exception.

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 forms/prepaid expenses documentation of each selected reimbursements, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, agree the reimbursements rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Mileage reimbursement rates tested agreed to the General Service Administration (GSA) rate without exception.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Reimbursements tested were at GSA rates.

- 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).

One out of the five reimbursements tested was not supported by documentation of business/public purpose for travel (Exception).

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving the reimbursement.

One out of the five reimbursements tested was not approved in writing by someone other than the recipient (Exception). The recipient noted was the director and no one approves her travel reimbursements.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent election source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quoted or bids, advertised), if required by law.

One of the five contracts tested was not publicly bid as required by the public bid law (Exception). There was no documentation provided of the required advertisements.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

Two of the five contracts were not approved in writing by the board (Exception). However, they were recurring contracts for books trades and purchases.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

There were no amendments to any of the contracts tested.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

All payments tested to the supporting invoices were in agreement with the contract terms and conditions without exception.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select five employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

No prior year exception in this category. Testing not required.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to the policy and /or contract, the official should document his/her daily attendance and leave.)

N/A

- b) Observe that supervisors approved the attendance and leave of the selected employees/official.

N/A

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

N/A

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' authorized pay rate in the employee/officials' personnel files.

N/A

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

N/A

Ethics

20. Using the five 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.

No prior year exception in this category. Testing not required.

- 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.

N/A

Debt Service

- 21. Obtain a listing of bond/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

No prior year exception in this category. Testing not required.

- 22. Obtain a listing of the bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

N/A

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.

There were no misappropriations of public funds and assets noted during the fiscal year.

- 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.

The Library did have the required notice posted in a conspicuous place upon its premises and on its website.

We were 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, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our 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.

Independent Accountants' Report on Applying Agreed-Upon Procedures-Continued
Board of Commissioners
Allen Parish Library
June 27, 2019
Year Ended December 31, 2018

Royce T. Scimemi, CPA, APAC

Royce T. Scimemi, CPA, APAC
Oberlin, Louisiana