

Financial Report

Terrebonne Parish Library

Houma, Louisiana

For the year ended December 31, 2017

Financial Report

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For the year ended December 31, 2017

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Terrebonne Parish Library

For the year ended December 31, 2017

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Terrebonne Parish Library,
Houma, Louisiana.

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major funds of Terrebonne Parish Library, State of Louisiana (the Library), a component unit of Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 2017, 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 of 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.

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 major funds of Terrebonne Parish Library as of December 31, 2017, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 10, the Schedule of Funding Progress for the OPEB Plan on page 43, the Schedule of the Library's Proportionate Share of the Net Pension Liability on page 44 and the Schedule of Library Contributions on page 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 Terrebonne Parish Library basic financial statements. The accompanying supplementary information, on page 46, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This 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 information is 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 11, 2018 on our consideration of Terrebonne Parish Library's internal control over financial reporting and 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 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.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
June 11, 2018.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Terrebonne Parish Library

Management's Discussion and Analysis of Terrebonne Parish Library's (the Library) financial performance presents a narrative overview and analysis of the Library's financial activities for the year ended December 31, 2017. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The Library's assets and deferred outflows of resources exceeded its liabilities and deferred inflows at the close of fiscal year 2017 by \$16,459,620 (net position), which represents a 5.90% decrease from last fiscal year.

The Library's revenue increased \$23,098, (or 0.44%), primarily due to the increase in sales tax.

The Library's expenses increased \$265,004, (or 4.35%), primarily due to increases in liabilities related to compensated absences and post employment benefits.

The Library did not have a deficit fund balance.

Capital assets increased \$190,714 primarily due to additions exceeding depreciation.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Library's financial statements. The Library's annual report consists of three parts: (1) management's discussion and analysis (this section), (2) financial statements, and (3) various governmental compliance reports and schedules by certified public accountants and management.

The financial statements include two kinds of statements that present different views of the Library:

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Library's finances, in a manner similar to a private sector business. The Statement of Net Position presents information on all of the Library's assets, deferred outflows, liabilities, and deferred inflows 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 is improving or deteriorating. The Statement of Activities presents information showing how the Library's net position changed during each fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of related cash flows.

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The governmental activity of the Library is culture and recreation and includes various services.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The funds of the Library are governmental funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Library maintains two individual governmental funds. Information is presented separately in the Governmental Fund Balances Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance for the General Fund and the Debt Service Fund. The Library adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The governmental fund financial statements can be found on pages 11 - 15 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in Exhibit F of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the Library's financial position. As of December 31, 2017, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$16,459,620. A large portion of the Library's net position, \$17,055,759 (or 103.62%), reflects its net investment in capital assets (e.g., land; buildings; office furniture, fixtures and equipment; and library collection). Consequently, these assets are not available for future spending.

Condensed Statements of Net Position

	December 31,		Dollar
	2017	2016	Change
Current and other assets	\$ 1,846,525	\$ 2,862,660	\$ (1,016,135)
Capital assets	19,204,427	19,013,713	190,714
Deferred outflows of resources	494,020	698,756	(204,736)
Total assets and deferred outflows of resources	<u>21,544,972</u>	<u>22,575,129</u>	<u>(1,030,157)</u>
Current liabilities	1,238,979	949,290	289,689
Long-term liabilities outstanding	3,775,712	4,068,731	(293,019)
Deferred inflows of resources	70,661	66,135	4,526
Total liabilities and deferred inflows of resources	<u>5,085,352</u>	<u>5,084,156</u>	<u>1,196</u>
Net Position:			
Net investment in capital assets	17,055,759	16,201,020	854,739
Restricted	811,696	808,214	3,482
Deficit	(1,407,835)	481,739	(1,889,574)
Total net position	<u>\$ 16,459,620</u>	<u>\$ 17,490,973</u>	<u>\$ (1,031,353)</u>

Governmental Activities

Governmental activities decreased the Library's net position by \$1,031,353. Key elements of this decrease are as follows:

Condensed Statement of Activities

	For the Year Ended		Dollar Change	Percent Change
	December 31,			
	2017	2016		
Revenues:				
Taxes - sales and use	\$ 5,241,982	\$ 5,220,917	\$ 21,065	0.40%
Charges for services	48,583	44,929	3,654	8.13%
Fines and forfeitures	20,950	25,047	(4,097)	-16.36%
Grants	5,000	690	4,310	624.64%
Miscellaneous				
Investment income	91	2,336	(2,245)	-96.10%
Other	10,061	9,650	411	4.26%
Total revenues	<u>5,326,667</u>	<u>5,303,569</u>	<u>23,098</u>	<u>0.44%</u>
Expenses:				
Culture and recreation	6,268,595	5,977,733	290,862	4.87%
Debt Service	89,425	115,283	(25,858)	-22.43%
Total expenses	<u>6,358,020</u>	<u>6,093,016</u>	<u>265,004</u>	<u>4.35%</u>
Decrease in net position	(1,031,353)	(789,447)	(241,906)	30.64%
Beginning of year	17,490,973	18,280,420	(789,447)	-4.32%
End of year	<u>\$ 16,459,620</u>	<u>\$ 17,490,973</u>	<u>\$ (1,031,353)</u>	<u>-5.90%</u>

Sales and use tax revenues increased \$21,065 as a result of the increase in the local economy in 2017. Investment income decreased \$2,245 due to less investments in the current year. Other income increased by \$411 in the current year. Culture and recreation expenses increased \$290,862 primarily due to increases in compensated absences and postemployment benefits.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

As noted earlier, the Library uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Library's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Library's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Library's governmental funds reported combined ending fund balances of \$1,344,729, a decrease of \$1,299,756 in comparison with the prior year. Fund balance in the General Fund is \$520,850, which is available for spending at the Library's discretion. The remainder of fund balance is included in the Debt Service Fund and is restricted to indicate that it is not available for new spending because it has already been committed to the payment of bonds.

The General Fund is the chief operating fund of the Library. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balances and total governmental fund balance to total fund expenditures. In 2017, the fund balance of the Library's General Fund decreased \$1,299,306. Key factors of this decrease were the increase in expenditures related to the new Gibson Branch.

The Debt Service Fund has a total fund balance of \$823,879, a decrease of \$450 in comparison with the prior year.

General Fund Budgetary Highlights

The budget was amended three times during the year. The primary reason for amending the budget was to prevent compliance violations under state law. The major differences between the original General Fund budget and the final amended budget were as follows:

Revenues

- Increase in sales tax proceeds reflects a slight improvement in the local economy.

Expenditures

- Decreases in culture and recreation expenditures are due to a less than expected increases in other services and charges, including insurance premiums.
- Decreases in capital expenditures are due to a less than expected increase in construction costs on the Gibson Branch Library.

General Fund Budgetary Highlights (Continued)

During the year, actual revenues and expenditures were greater than the final budgetary estimates by \$17,167 and \$118,694, respectively.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Library's net investment in capital assets for its governmental activities as of December 31, 2017, amounts to \$19,204,427 (net of accumulated depreciation). This net investment in capital assets includes land, construction in progress, buildings, office furniture, fixtures and equipment; and library collection.

	<u>2017</u>	<u>2016</u>
Construction in progress	\$ -	\$ 293,199
Land	107,267	107,267
Buildings	26,337,336	25,152,542
Office furniture, fixtures, and equipment	1,279,897	1,177,804
Library collection	<u>8,924,486</u>	<u>8,858,051</u>
Totals	<u>\$ 36,648,986</u>	<u>\$ 35,588,863</u>

Major capital asset events during the current fiscal year included the following:

- New Gibson Branch - Building construction completed.

Additional information on the Library's capital assets can be found in the Note 3, Exhibit F of this report.

Long-term Debt

As of December 31, 2017, the Library had \$2,215,000 in long-term debt outstanding down from \$2,930,000 for a decrease of \$715,000, due to payments of bond principal. More detailed information about the Library's long-term debt is presented in Note 5, Exhibit F of this report.

The Library's bonds maintain an "A2" rating from Moody's Investors Service and an "AAA" rating from Standard and Poor's Rating Service.

Long-term Debt (Continued)

The Library also has obligations for the compensated absences, cost of retiree health insurance, and net pension liability. The Library recognized \$261,752 this year as its obligation for compensated absences. The obligation reported as other post employment benefit obligation amounted \$1,781,655, and net pension liability of \$242,485, as of December 31, 2017. Information on other post employment benefits and the net pension liability is presented in Exhibit F, Notes 7 and 8, respectively.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Board of Directors considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

The Library's 2018 cash flow has been budgeted with the following increases and decreases in the revenues and expenditures:

- Supplies and materials, decrease of 9.1% as a result of decreases in purchases.
- Other services and charges, decrease of 6.1% as a result of decrease in telephone and security expenses.
- Repairs and maintenance, decrease of 37.2% as a result of decrease in major repairs and janitorial expenses.
- Capital outlay, decrease of 67.1% as a result of completion of new Gibson Branch.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Library's finances for all those with an interest in the Library's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Board of Directors of the Terrebonne Parish Library, Houma, Louisiana 70360.

STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET**Terrebonne Parish Library**

December 31, 2017

	General Fund	Debt Service Fund	Total	Adjustments (Exhibit B)	Statement of Net Position
Assets					
Cash and cash equivalents	\$ 324,779	\$ 546,856	\$ 871,635		\$ 871,635
Receivables:					
Sales and use taxes	512,683	-	512,683		512,683
Due from Terrebonne Parish Sales and Use Tax Department	462,207	-	462,207		462,207
Due from Terrebonne Parish Consolidated Government	-	1,500,000	1,500,000	\$ (1,500,000)	-
Due from other funds	1,222,977	-	1,222,977	(1,222,977)	-
Capital assets:					
Non-depreciable	-	-	-	107,267	107,267
Depreciable, net of accumulated depreciation	-	-	-	19,097,160	19,097,160
Total assets	<u>2,522,646</u>	<u>2,046,856</u>	<u>4,569,502</u>	<u>16,481,450</u>	<u>21,050,952</u>
Deferred Outflows of Resources					
Deferred amount on debt refunding	-	-	-	66,332	66,332
Pensions	-	-	-	427,688	427,688
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>494,020</u>	<u>494,020</u>
Total assets and deferred outflows of resources	<u>\$ 2,522,646</u>	<u>\$ 2,046,856</u>	<u>\$ 4,569,502</u>	<u>16,975,470</u>	<u>21,544,972</u>
Liabilities					
Accounts payable and accrued expenditures	\$ 101,629	\$ -	\$ 101,629	12,183	113,812
Due to Terrebonne Parish Consolidated Government	1,900,167	-	1,900,167	(1,500,000)	400,167
Due to other funds	-	1,222,977	1,222,977	(1,222,977)	-
Long-term liabilities:					
Due within one year	-	-	-	725,000	725,000
Due after one year	-	-	-	3,775,712	3,775,712
Total liabilities	<u>2,001,796</u>	<u>1,222,977</u>	<u>3,224,773</u>	<u>1,789,918</u>	<u>5,014,691</u>
Deferred Inflows of Resources					
Pensions	-	-	-	70,661	70,661
Total liabilities and deferred inflows of resources	<u>2,001,796</u>	<u>1,222,977</u>	<u>3,224,773</u>	<u>1,860,579</u>	<u>5,085,352</u>
Fund Balances/Net Position					
Fund balances:					
Restricted					
Debt service	-	823,879	823,879	(823,879)	-
Unassigned	520,850	-	520,850	(520,850)	-
Total fund balances	<u>520,850</u>	<u>823,879</u>	<u>1,344,729</u>	<u>(1,344,729)</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,522,646</u>	<u>\$ 2,046,856</u>	<u>\$ 4,569,502</u>	<u>515,850</u>	<u>5,085,352</u>
Net position:					
Net investment in capital assets				17,055,759	17,055,759
Restricted:					
Debt service				811,696	811,696
Deficit				(1,407,835)	(1,407,835)
Total net position				<u>\$ 16,459,620</u>	<u>\$ 16,459,620</u>

See notes to financial statements.

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

Terrebonne Parish Library

December 31, 2017

Fund Balances - Governmental Fund \$ 1,344,729

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.

Governmental capital assets	\$ 36,648,986	
Less accumulated depreciation	<u>(17,444,559)</u>	19,204,427

Deferred outflows of resources used in governmental activities are not financial resources and are not reported in governmental funds

Deferred amount on debt refunding	66,332	
Pensions	<u>427,688</u>	494,020

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

Accrued interest payable	(12,183)	
Bonds payable	(2,215,000)	
Other postemployment benefit obligation	(1,781,655)	
Compensated absences	(261,572)	
Net pension liability	<u>(242,485)</u>	(4,512,895)

Deferred inflows of resources are not due and payable in the current period and are not reported in governmental funds

Pensions		<u>(70,661)</u>
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Net Position of Governmental Activities **\$ 16,459,620**

See notes to financial statements.

**STATEMENT OF ACTIVITIES AND STATEMENT OF
GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE**

Terrebonne Parish Library

For the year ended December 31, 2017

	General Fund	Debt Service Fund	Total	Adjustments (Exhibit D)	Statement of of Activities
Revenues					
Taxes - sales and use	\$ 5,241,982		\$ 5,241,982		\$ 5,241,982
Charges for services	48,583		48,583		48,583
Fines and forfeitures	20,950		20,950		20,950
Grants	5,000		5,000		5,000
Miscellaneous:					
Investment income	91		91		91
Other	10,061		10,061		10,061
Total revenues	<u>5,326,667</u>		<u>5,326,667</u>		<u>5,326,667</u>
Expenditures/Expenses					
Current:					
Culture and recreation:					
Personal services	3,110,851		3,110,851	\$ 590,268	3,701,119
Supplies and materials	177,676		177,676	-	177,676
Other services and charges	851,554		851,554	-	851,554
Repairs and maintenance	347,170		347,170	-	347,170
Depreciation	-		-	1,191,076	1,191,076
Total culture and recreation	<u>4,487,251</u>		<u>4,487,251</u>	<u>1,781,344</u>	<u>6,268,595</u>
Debt service:					
Principal retirement	-	\$ 715,000	715,000	(715,000)	-
Interest and fiscal charges	-	42,382	42,382	47,043	89,425
Total debt service	<u>-</u>	<u>757,382</u>	<u>757,382</u>	<u>(667,957)</u>	<u>89,425</u>
Capital outlay	1,381,790	-	1,381,790	(1,381,790)	-
Total expenditures/expenses	<u>5,869,041</u>	<u>757,382</u>	<u>6,626,423</u>	<u>(268,403)</u>	<u>6,358,020</u>
Deficiency of revenues over expenditures	<u>(542,374)</u>	<u>(757,382)</u>	<u>(1,299,756)</u>	<u>268,403</u>	<u>(1,031,353)</u>
Other Financing Sources (Uses)					
Operating transfers in	-	756,932	756,932	(756,932)	-
Operating transfers out	(756,932)	-	(756,932)	756,932	-
Total other financing sources (uses)	<u>(756,932)</u>	<u>756,932</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	<u>(1,299,306)</u>	<u>(450)</u>	<u>(1,299,756)</u>	<u>1,299,756</u>	<u>-</u>
Change in Net Position	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,031,353)</u>	<u>(1,031,353)</u>
Fund Balances/Net Position					
Beginning of year	1,820,156	824,329	2,644,485	14,846,488	17,490,973
End of year	<u>\$ 520,850</u>	<u>\$ 823,879</u>	<u>\$ 1,344,729</u>	<u>\$ 15,114,891</u>	<u>\$ 16,459,620</u>

See notes to financial statements.

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

Terrebonne Parish Library

For the year ended December 31, 2017

Net Change in Fund Balances - Governmental Fund **\$ (1,299,756)**

Amounts reported for governmental activities in the
Statement of Activities are different because:

Governmental funds report capital outlays as expenditures.

However, in the Statement of Activities the cost of those
assets is allocated over their estimated useful lives and
reported as depreciation expense.

Capital outlay	\$ 1,381,790	
Depreciation expense	<u>(1,191,076)</u>	190,714

The issuance of long-term debt provides current financial
resources to governmental funds, while the repayment of
the principal of long-term debt consumes the current
financial resources of governmental funds. Neither
transaction, however, has any effect on net position.

Principal payments	715,000
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Some expenditures reported in the Statement of Activities
do not require the use of current financial resources and,
therefore, are not reported as expenditures in
governmental funds.

Amortization of deferred amount on debt refunding	(50,975)	
Increase in other postemployment benefits	(272,384)	
Decrease in accrued interest payable	3,932	
Increase in compensated absences	(261,572)	
Pension expense	<u>(56,312)</u>	<u>(637,311)</u>

Change in Net Position of Governmental Activities **\$ (1,031,353)**

See notes to financial statements.

**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND**

Terrebonne Parish Library

For the year ended December 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes - sales and use	\$ 5,105,000	\$ 5,210,000	\$ 5,241,982	\$ 31,982
Charges for services	50,000	50,000	48,583	(1,417)
Fines and forfeitures	29,500	29,500	20,950	(8,550)
Grants	-	5,000	5,000	-
Miscellaneous:				
Investment income	5,000	5,000	91	(4,909)
Other	10,000	10,000	10,061	61
Total revenues	<u>5,199,500</u>	<u>5,309,500</u>	<u>5,326,667</u>	<u>17,167</u>
Expenditures				
Current:				
Culture and recreation:				
Personal services	3,125,935	3,125,935	3,110,851	15,084
Supplies and materials	151,500	171,600	177,676	(6,076)
Other services and charges	962,750	761,562	851,554	(89,992)
Repairs and maintenance	355,700	337,750	347,170	(9,420)
Total culture and recreation	4,595,885	4,396,847	4,487,251	(90,404)
Capital outlay	1,388,246	1,353,500	1,381,790	(28,290)
Total expenditures	<u>5,984,131</u>	<u>5,750,347</u>	<u>5,869,041</u>	<u>(118,694)</u>
Excess (deficiency) of revenues over expenditures	(784,631)	(440,847)	(542,374)	(101,527)
Other Financing Uses				
Operating transfers out	(710,000)	(710,000)	(756,932)	(46,932)
Deficiency of Revenues Over Expenditures and Other Financing Uses	(1,494,631)	(1,150,847)	(1,299,306)	(148,459)
Fund Balance				
Beginning of year	2,927,310	1,820,156	1,820,156	-
End of year	<u>\$ 1,432,679</u>	<u>\$ 669,309</u>	<u>\$ 520,850</u>	<u>\$ (148,459)</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Terrebonne Parish Library**

December 31, 2017

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Terrebonne Parish Library (the Library) conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

a) Reporting Entity

The Library is a department within the Terrebonne Parish Consolidated Government (the Parish) for which the Parish Council appoints an advisory Board of Control. The Library is a component unit of the Parish and as such, these financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ended December 31, 2017.

GASB Statement No. 14, *The Financial Reporting Entity*, GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units-an amendment of GASB Statement No. 14*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34* established the criterion for determining which component units should be considered part of the Library for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the governing authority appoints a majority of the board members of the potential component unit.
3. Fiscal interdependency between the Library and the potential component unit.
4. Imposition of will by the Library on the potential component unit.
5. Financial benefit/burden relationship between the Library and the potential component unit.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Reporting Entity (Continued)

The Library has reviewed all of its activities and determined that there are no potential component units that should be included in its financial statements.

b) Basis of Presentation

The Library's financial statements consist of the government-wide statements on all activities of the Library and the governmental fund financial statements (individual major funds).

Government-wide Financial Statements:

The government-wide financial statements include the Statement of Net Position and the Statement of Activities for all activities of the Library. As a general rule, the effect of interfund activity has been removed from these statements. The government-wide presentation focuses primarily on the sustainability of the Library as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues.

Fund Financial Statements:

Emphasis in the fund financial statements is on the major funds in governmental categories. The daily accounts and operations of the Library are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resource, liabilities, deferred inflows of resource, equity, revenues and expenditures. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following are the governmental funds of the Library:

General Fund - The General Fund is the general operating fund of the Library. It is used to account for and report all financial resources not accounted for and reported in another fund. The General Fund is always a major fund.

Debt Service Fund - The Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for principal, interest, and related costs. The Debt Service Fund is reported as a major fund.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Government-wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Fund Financial Statements:

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current position. Governmental funds are maintained on the modified accrual basis of accounting.

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the Library considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Sales taxes are considered "measurable" when in the hands of merchants and are recognized as revenue at that time. Charges for services are recorded when earned since they are measurable and available. Fines, forfeitures, and miscellaneous revenues are recorded as revenues when received in cash by the Library because they are generally not measurable until actually received. Grant revenues are recognized at the time the Library is entitled to the funds.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt which is recognized when due. Allocations of cost such as depreciation are not recognized in the governmental funds.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

e) Operating Budgetary Data

As required by the Louisiana Revised Statutes 39:1303, the Board of Control (the Board) adopted a budget for the Library's General Fund. Public hearings and advertisements were conducted. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Board. The Library amended its budget three times during the year. All budgeted amounts that are not expended, or obligated through contracts, lapse at year-end.

The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

The General Fund budget presentation is included in the financial statements.

f) Accounts Receivable

The financial statements for the Library contain no allowance for uncollectible accounts. Uncollectible amounts due for sales and use taxes and other receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations of the funds.

g) Investments

Investments are stated at fair value as established by open market, except for the Louisiana Asset Management Pool (LAMP). LAMP is an external pool which is operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than market value to report net assets to compute share prices if certain conditions are met.

Some of the Library's monies are held and invested by the Parish. Investments during the year consisted of LAMP, which is reported as cash equivalents.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Capital Assets

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Government-wide Financial Statements:

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets, except for the library collection, purchased or acquired with an original cost of \$500 or more, are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Capital assets with estimated historical costs amounted to \$357,685 or .98% of total capital assets. Donated capital assets with an estimated market value amounted to \$19,000. All items included in the library collections are capitalized and valued at historical cost. Library collection items disposed of are accounted for at 100% of the average cost of the item.

Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

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:

Buildings	10 - 40 years
Office furniture, fixtures and equipment	3 - 5 years
Library collection	4 - 5 years

Fund Financial Statements:

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Deferred Outflows of Resources

In addition to assets, the Statement of Net Position and Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense) expenditure until then. The Library has deferred outflows of resources related to debt refunding and pensions.

j) Long-Term Debt

The accounting treatment of long-term debt depends on whether they are reported in the government-wide or governmental fund financial statements.

Government-wide Financial Statements:

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. The long-term debt consists of public library sales tax revenue bonds, compensated absences, and other postemployment benefit (OPEB) obligations and the net pension liability.

Fund Financial Statements:

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payments of principle and interest reported as expenditures.

k) Accumulated Vacation and Sick Leave

Full-time employees are granted between 10 and 20 days of vacation each calendar year, depending on their length of employment and position. Vacation time does not vest. Any unused vacation time remaining as of December 31 is forfeited, however with the director's approval, vacation time can be carried to the next year, not to exceed 20 days. Sick leave is granted to full-time employees at a rate of 10 days per year. Each full-time employee accrues sick leave at a rate of 1.54 hours per each 40 hours worked. Sick leave that is not used may be accumulated. Upon retirement, an employee will remain on the payroll until the accumulated sick leave is exhausted, at which time the employee will begin receiving retirement benefits from the retirement system.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) Other Postemployment Benefits

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions*, requires governments to accrue postemployment benefits to the extent it is probable the employer will provide benefits conditioned on the employees retirement. The Library has recorded liabilities for postemployment health care benefits as of December 31, 2017.

In the government-wide financial statements the other postemployment benefits liability is recorded as long-term obligations.

In the governmental fund type fund financial statements other postemployment benefit expenditures are recognized in the amount contributed to the plan or expected to be liquidated with expendable available financial resources. Expendable available financial resources generally refer to other postemployment benefit payments due and payable as of the end of the year.

m) Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Parochial Employees' Retirement System of Louisiana (the System) and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

n) Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position and Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate section represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The Statement of Net Position reports deferred inflows of resources related to pensions.

o) Interfund Transfers

In the fund financial statements interfund activity is reported as interfund loans or transfers. Loans between funds are reported as interfund receivables (due from) and payables (due to) as appropriate.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) Interfund Transfers (Continued)

Permanent reallocations of resources between funds of the Library are classified as interfund transfers. In other words, transfers are not expected to be repaid. For the purposes of the government-wide financial statements, all interfund loans and transfers between individual governmental funds have been eliminated.

p) Equity

Government-wide Statements:

Equity is classified as net position and displayed in three components:

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

When both restricted and unrestricted resources are available for use, it is the Library's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

- a. Non-spendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to maintain intact.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Equity (Continued)

- b. Restricted - amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed - amounts that can be used only for specific purposes determined by a formal action of the Library's Board of Control. Commitments may be established, modified, or rescinded only through resolutions approved by the Library's Board of Control.
- d. Assigned - amounts that do not meet the criteria to be classified as either restricted or committed but are intended to be used for specific purposes. Assigned amounts may be established, modified or rescinded by a majority vote of the Library's Board of Control.
- e. Unassigned - all other spendable amounts.

For the classification of governmental fund balances, the Library considers an expenditure to be made from the most restrictive first when more than one classification is available. The Library's fund balance was classified as restricted and unassigned as of December 31, 2017.

q) New GASB Statements

During the year ending December 31, 2017, the Library implemented the following GASB Statements:

Statement No. 74, "*Financial Reporting for Postemployment Benefit Plans other than Pension Plans*" addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria and follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments and also sets forth note disclosure requirements for defined contribution OPEB plans. This statement did not affect the Library's financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) New GASB Statements (Continued)

Statement No. 80, "*Blending Requirement for Certain Component Units*" improves financial reporting by clarifying the financial statement presentation requirements for certain component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. This requirement enhances comparability and decision usefulness of financial statements among governments. This statement did not affect the Library's financial statements.

Statement No. 81, "*Irrevocable Split Interest Agreements*" provides recognition and measurement guidance for situation in which a government is a beneficiary of an irrevocable split interest agreement. This Statement requires that a government that receives resources pursuant to an irrevocable split interest agreement recognize assets, liabilities and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in agreements administered by third parties. Governments are required by this Statement to recognize revenue when the resources become applicable to the reporting period. This Statement enhances comparability and decision usefulness of financial statements among governments. This statement did not affect the Library's financial statements.

Statement No. 82, "*Pension Issues*" addresses several issues raised with respect to Statements No. 67, "*Financial Reporting for Pension Plans*," No. 68, "*Accounting and Financial Reporting for Pensions*," and No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets that are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*". Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes; and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This statement did not affect the Library's financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) New GASB Statements (Continued)

The GASB has issued the following Statements which will become effective in future years as shown below:

Statement No. 75, *"Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions"* replaces the requirements of GASB Statement No. 45. This Statement requires governments to report a liability on the face of the financial statements for the OPEB that they provide: governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability, governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan and governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 83, *"Certain Asset Retirement Obligations"* addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management has not yet determined the effect of this Statement on the financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) New GASB Statements (Continued)

Statement No. 84, "*Fiduciary Activities*" improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 85, "*Omnibus 2017*." On March 20, 2017, GASB issued "*Omnibus 2017*" covering four main topics: blending component units; goodwill, fair value measurement and application; and postemployment benefits. "*Omnibus 2017*" is effective for fiscal years beginning after June 15, 2017. However, due to the nature of topic covered, GASB is allowing the option of early implementation for single topics. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 86, "*Certain Debt Extinguishment Issues*" improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. Management has not yet determined the effect of this Statement on the financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) New GASB Statements (Continued)

Statement No. 87, "*Leases*" increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. Management has not yet determined the effect of this Statement on the financial statements.

Note 2 - DEPOSITS AND INVESTMENTS

Some of the Library's monies are held in a cash and investment pool maintained by the Parish and available for use by all funds. The Library's portion of this pool is included on the Statements of Net Position and Governmental Fund Balance Sheet as "cash and cash equivalents" as of December 31, 2017.

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States or any other federally insured investment, certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana, guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations.

Deposits:

State law requires that deposits (cash and certificates of deposit) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

The year-end balances of deposits are as follows:

	<u>Bank Balances</u>	<u>Reported Amount</u>
Cash	<u>\$ 976,952</u>	<u>\$ 870,416</u>

Custodial credit risk is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. The Library has a written policy for custodial credit risk which is similar to state law. As of December 31, 2017, \$662,512 of the Library's bank balance of \$976,952 was exposed to custodial credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent and are deemed to be held in the depositor's name by state statute. As mentioned previously, some funds are held and invested by the Parish who maintained pledging to cover funds for the Library. As of December 31, 2017, cash in excess of FDIC insurance were adequately collateralized, under state law, by securities held by unaffiliated banks for the account of the Library or the Parish. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, 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 depositor that the fiscal agent has failed to pay deposited funds upon demand.

Investments:

State statutes authorize the Library to invest in the U.S. Treasury, agencies and instrumentalities; commercial paper rated AAA 1, 2, or 3; repurchase agreements and the Louisiana Asset Management Pool.

As a means of limiting its exposure to fair value losses arising from interest rates, the Parish's investment policy emphasizes maintaining liquidity to match specific cash flows.

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

Investments: (Continued)

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Library's investment policy requires the application of the prudent investors rule. The policy states, *investments shall be made with the judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation but for investment, considering the probable safety of their capital as well as the probable income to be derived. Primary emphasis shall be placed on the safety of principal secondly to maintain liquidity to meet operating requirements and finally to obtain the most favorable rate of return.* The Library's investment policy limits investments to those discussed earlier in this note. All securities and LAMP have a Standard & Poor's Rating of AAAM.

For an investment, custodial credit risk is the risk that, in the event of the failure of the 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. Investment in external investment pools are not exposed to custodial credit risk because of their natural diversification and the diversification required by the Securities and Exchange Commission.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed or backed by the U.S. Treasury, the U.S. Government or one of its agencies, enterprises or instrumentalities, as well as repurchase agreements collateralized by those securities.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

LAMP is designed to be highly liquid to give its participants immediate access to their account balances. Investments in LAMP as of December 31, 2017 amounted to \$1,019 and are classified on the Statement of Net Position as "Cash and cash equivalents".

In accordance with GASB Statement No. 31, the Library recognized the net increase (decrease) in the fair value of investments for the year ended December 31, 2017. The increase (decrease) in the fair value of investments takes into account all changes in fair value (including purchases and sales). As of December 31, 2017, the Library did not have any investment requiring a fair value adjustment.

A reconciliation of deposits and investments as shown on the Statement of Net Position for the Library is as follows:

Cash on hand	\$ 200
Reported amount of deposits	870,416
Reported amount of investments	<u>1,019</u>
Total cash and cash equivalents	<u>\$ 871,635</u>

Note 3 - CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 was as follows:

	Balance January 1, 2017	Additions	Deletions and Adjustments	Balance December 31, 2017
Capital assets not being depreciated:				
Land	\$ 107,267	\$ -	\$ -	\$ 107,267
Construction in progress	293,199	852,554	1,145,753	-
Total capital assets not being depreciated	<u>400,466</u>	<u>852,554</u>	<u>1,145,753</u>	<u>107,267</u>
Capital assets being depreciated:				
Buildings	25,152,542	1,184,794	-	26,337,336
Office furniture, fixtures, and equipment	1,177,804	102,093	-	1,279,897
Library collection	8,858,051	388,102	321,667	8,924,486
Total capital assets being depreciated	<u>35,188,397</u>	<u>1,674,989</u>	<u>321,667</u>	<u>36,541,719</u>
Less accumulated depreciation for:				
Buildings	(7,855,651)	(644,246)	-	(8,499,897)
Office furniture, fixtures, and equipment	(1,030,836)	(78,467)	-	(1,109,303)
Library collection	(7,688,663)	(468,363)	(321,667)	(7,835,359)
Total accumulated depreciation	<u>(16,575,150)</u>	<u>(1,191,076)</u>	<u>(321,667)</u>	<u>(17,444,559)</u>
Total capital assets being depreciated, net	<u>18,613,247</u>	<u>483,913</u>	<u>-</u>	<u>19,097,160</u>
Total capital assets, net	<u>\$ 19,013,713</u>	<u>\$ 1,336,467</u>	<u>\$ 1,145,753</u>	<u>\$ 19,204,427</u>

Note 4 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenditures as of December 31, 2017 consisted of the following:

	General Fund	Accrued Interest	Government- Wide Total
Vendors	\$ 20,916		\$ 20,916
Salaries and benefits	80,713		80,713
Interest to bondholders	-	\$ 12,183	12,183
Total	<u>\$ 101,629</u>	<u>\$ 12,183</u>	<u>\$ 113,812</u>

Note 5 - LONG-TERM OBLIGATIONS

As of December 31, 2017, the Library had outstanding public Library sales tax bonds totaling \$2,215,000. The bonds bear interest at 1.65% and are payable through March 1, 2020. The bonds are secured by an irrevocable pledge and dedication of the proceeds of the one-fourth of one percent (1/4%) sales and use tax now being levied and collected. The following is a summary of changes in the long-term obligations of the Library for the year ended December 31, 2017:

	Payable January 1, 2017	Increase/ Earned	Decrease/ Used	Payable December 31, 2017
Sales tax bonds	\$ 2,930,000		\$ 715,000	\$ 2,215,000
Compensated absences	-	\$ 261,572	-	261,572
Other postemployment benefits	1,509,271	328,134	55,750	1,781,655
Net pension liability	344,460	-	101,975	242,485
Totals	<u>\$ 4,783,731</u>	<u>\$ 589,706</u>	<u>\$ 872,725</u>	<u>\$ 4,500,712</u>

Long-term obligations are classified in the financial statements as follows:

Due within one year	\$ 725,000
Long-term	<u>3,775,712</u>
Total	<u>\$ 4,500,712</u>

The annual requirements to amortize the Library Sales Tax Bonds, Series 2015 as of December 31, 2017 are as follows:

Year Ending December 31,	Principal	Interest	Total
2018	\$ 725,000	\$ 30,566	\$ 755,566
2019	740,000	18,480	758,480
2020	750,000	6,188	756,188
	<u>\$ 2,215,000</u>	<u>\$ 55,234</u>	<u>\$ 2,270,234</u>

See Note 7 for further explanation of the other postemployment benefit (OPEB) obligation and Note 8 for the net pension liability.

Note 6 - RISK MANAGEMENT

The Library is exposed to various risks of loss related to workers compensation; torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and group health benefits for which the Library carries commercial insurance and also participates in the Parish's risk management program for general liability, property insurance, workers' compensation and group health insurance. No settlements were made during the year that exceeded the Library's insurance coverage. The Library pays monthly premiums to the Parish for general liability based on various factors such as its operations and maintenance budget, exposure and claims experience. The premiums for workers' compensation are based on a fixed percentage of payroll. The premiums for group insurance are based on a fixed rate per employee. The Parish handles all claims in excess of the Parish's insurance contracts as described below:

Policy	Coverage Limits
General Liability	\$10,000,000
Property Insurance	\$65,000,000
Workers' Compensation	Statutory

Coverage for general liability and property claims in excess of the above stated limits are to be funded first by assets of the Parish's risk management internal service fund, \$5,208,857 as of December 31, 2016, then secondly by the Library. The Parish is self-insured for the first \$175,000 of each claim relating to group health insurance. The aggregate deductible for all group claims relating to group insurance for 2016 was \$19,880,318. Insurance contracts cover the excess liability on individual claims. Covered employees are subject to a lifetime maximum claims limit. Coverage for group health claim liabilities are to be funded first by assets of the Parish's group health internal service fund, \$238,436 as of December 31, 2016, then secondly by the Library. Worker's compensation claims in excess of \$550,000 are covered under an insurance contract for claims aggregate up to limits are to be funded first by assets of the Parish's workers' compensation internal service fund. As of December 31, 2017, the Library had no claims in excess of the above coverage limits. Total premiums paid to the Parish for insurance coverage during the year ended December 31, 2017 totaled \$844,104.

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description

The Library administers a single employer defined benefit healthcare plan (the Plan). The Plan provides for the payment of medical, dental and life insurance premiums for eligible employees, retirees and their dependents as approved by the Parish Council. For employees retiring before January 1, 2005 the Library funds the entire premium for all benefits on employees retiring with at least ten years of service upon retiring from the formal retirement systems. Library employees retiring on or after January 1, 2005 and before January 1, 2013 with at least ten years of permanent full-time creditable service with the Library shall be eligible to participate in the Plan approved by the Parish Council under the following vesting schedule: 1 to 15 years of service, 2.75% per year; 16 to 20 years of service, 41.25% plus 3.75% per year of service; 21 years or more of service, 60% plus 4.25% per year of service over 20 years of service, limited to 81.3% of the premium. Employees retiring after December 31, 2012 with at least 30 years of permanent full-time creditable service shall be eligible to participate in the approved Plan with benefits limited to 81.3% of premium. Employees hired after January 1, 2013 must have at least 30 years of permanent full-time creditable service and age 55 before being eligible for healthcare benefits upon retirement. A retired employee may provide dependent hospitalization coverage at applicable dependent rates. To be eligible for coverage after retirement, retired employees must be eligible for retirement under the Parochial Employees' Retirement System, see Note 8. The Library does not issue a publicly available financial report on the Plan.

Funding Policy

The Library fully funds required premiums based on pay-as-you-go financing requirements. For fiscal year 2017 the Library paid \$90,573 for the retirees' current year premiums.

Annual OPEB Cost and Net OPEB Obligation

The Library's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

The table below shows the components of the Library's annual OPEB cost for the year, the premiums actually paid and the Library's net OPEB obligation.

Annual required contribution (ARC)	\$ 329,230
Interest adjustment to net OPEB obligation	52,824
Adjustments to ARC	<u>(53,920)</u>
Annual OPEB cost (expense)	328,134
Contributions made	<u>(55,750)</u>
Increase in Net OPEB obligation	272,384
Net OPEB obligation - beginning of year	<u>1,509,271</u>
Net OPEB obligation - end of year	<u><u>\$ 1,781,655</u></u>

The Library's annual OPEB cost, the percentage of annual OPEB premiums paid, and the net OPEB liability as of December 31, 2017 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Liability
12/31/15	\$175,784	34.43%	\$1,258,502
12/31/16	\$328,316	23.62%	\$1,509,271
12/31/17	\$328,134	16.99%	\$1,781,655

Funded Status and Funding Progress

As of January 1, 2016, the most recent actuarial valuation date, the unfunded actuarial accrued liability (UAAL) was \$4,736,957. Covered payroll for eligible employees was \$1,906,770 and the total UAAL represents 248.43 percent of covered payroll.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information, presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Actuarial Methods and Assumptions

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and eligible employees and retirees) and include the types of benefits provided at the time of each valuation and on the historical pattern of sharing benefit costs between the employer and eligible employees and retirees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets.

In January 1, 2016 actuarial valuations, the entry age-normal actuarial cost method was used. The actuarial assumptions included a 3.5 percent investment rate of return (discount rate), an inflation rate of 2.5 percent, a 3.0 percent expected increase in payroll and annual medical cost trend rate of 7.0 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after five years. The annual dental cost trend was initially 3.5 percent, reduced by decrements to an ultimate rate of 3.0 percent after three years. Zero trends were assumed for valuing life insurance. The fully generational RPH-2014 Employee Mortality Table was used to determine mortality rates for active employees, while the RPH 2014 Healthy Annuitant Table was used for retirees and their spouses. Scale MP-2015 was used project mortality improvement. Other assumptions include (1) expenses per participant per month are expected to remain constant through 2017, (2) 60 percent of employees will choose to continue basic life insurance benefits, (3) family coverage includes a spouse and no children, and (4) male spouses are three years older than females. The UAAL is being amortized over an open 30 year period using the level percent of payroll method with an assumption that payroll increases by 3 percent per year.

Note 8 - DEFINED BENEFIT PENSION PLAN

Plan Description. The Library contributes to Plan B of the Parochial Employees' Retirement System of Louisiana (System), a cost-sharing, multiple-employer defined benefit pension plan established by Act 205 of the 1952 regular session of the Legislature of the State of Louisiana to provide retirement benefits to all employees of any parish in the State of Louisiana or any governing body or a parish which employs persons serving the parish. Act 765 of the year 1979, established by the Legislature of the State of Louisiana, revised the System to create Plan A and Plan B to replace the "regular plan" and the "supplemental plan". Plan A was designated for employers out of Social Security. Plan B was designated for those employers that remained in Social Security on the revision date. The Retirement System is governed by Louisiana Revised Statutes, Title 11, Section 1901 through 2025, specifically and other general laws of the State of Louisiana.

Note 8 - DEFINED BENEFIT PENSION PLAN (Continued)

Benefits Provided. The System provides retirement, deferred retirement, disability and death benefits to employees who work at least 28 hours a week. Retirement benefits are generally equal to 2.0% of the member's final average compensation multiplied by the years of creditable service. For members hired prior to January 1, 2007 they may retire with full benefits at age 55 upon completing 30 years of service, retire at age 60 after completing 10 years of service or retire at age 65 after completing 7 years of service. For members hired after January 1, 2007 they may retire with full benefits at age 55 after completing 30 years of service, retire at age 62 after completing 10 years of service or retire at age 67 after completing 7 years of service.

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the System. When a member enters DROP their status changes from active to retired even though they continue to work and draw their salary for up to three years. During the three year period, employer contributions continue but employee contributions cease. The monthly service retirement allowance the employee would have received had the person elected to terminate is paid into the DROP Fund. The election to participate in DROP is irrevocable once participation begins. Upon termination of employment a participant in DROP may receive a lump sum equal to payments into the participant's account, an annuity or a roll over to an Individual Retirement Account. Members hired before January 1, 2007 with 5 or more years of service who become disabled may receive benefits determined in the same manner as retirement benefits. Members hired after January 1, 2007 with 7 or more years of service who become disabled may receive benefits determined in the same manner as retirement benefits. Death benefits are payable to eligible surviving dependents based on the deceased member's years of creditable service and compensation and the dependent's relationship to the deceased member. The System provides permanent benefit increases, cost of living adjustments (COLA) as approved by the State Legislature.

Contributions. According to state statute, contributions for all employers are actuarially determined each year. For the year ending December 31, 2016, the actuarial employer contribution rate was 7.20% of member's compensation. However, the actual rate for the fiscal year ended December 31, 2016 was 8.00%.

According to state statute, the System also receives $\frac{1}{4}$ of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities.

Note 8 - DEFINED BENEFIT PENSION PLAN (Continued)

Contributions to the System from the Library were \$147,556 for the year ended December 31, 2017.

Pension Liabilities. As of December 31, 2017, the Library reported a liability of \$242,485 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Library's proportion of the net pension liability was based on a projection of the Library's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of December 31, 2016, the Library's proportion was 1.8666%, which was a decrease of 0.0681% from its proportion measured as of December 31, 2015.

Pension Expense. For the year ended December 31, 2017, the Library recognized pension expense of \$203,868.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. As of December 31, 2017, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience		\$ (70,518)
Net difference between projected and actual earnings on pension plan investments	\$ 250,315	-
Change in assumptions	29,722	-
Changes in proportionate share	95	(143)
Contributions subsequent to the measurement date	<u>147,556</u>	<u>-</u>
	<u>\$ 427,688</u>	<u>\$ (70,661)</u>

Note 8 - DEFINED BENEFIT PENSION PLAN (Continued)

The Library reported \$147,556 as deferred outflows of resources related to pensions resulting from Library contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For The Year Ending <u>December 31,</u>	<u>Amount</u>
2018	\$ 69,813
2019	86,665
2020	60,417
2021	<u>(7,424)</u>
Total	<u>\$ 209,471</u>

Actuarial Assumptions. A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2017 are as follows:

Valuation Date	December 31, 2016
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	4 years
Investment Rate of Return	7.00%, net of investment expense
Projected Salary Increases	5.25% (2.50% Inflation, 2.75% merit)
Mortality Rates	RP-2000 Employee Mortality Table was selected for active members. RP-2000 Healthy Annuitant Mortality Table was selected for healthy annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

Note 8 - DEFINED BENEFIT PENSION PLAN (Continued)

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing method (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These 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 7.66% as of the measurement date, December 31, 2016.

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, 2016 are as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	35.00%	1.24%
Equity	52.00%	3.63%
Alternatives	11.00%	0.67%
Real assets	2.00%	0.12%
Total	100.00%	5.66%
Inflation		2.00%
Expected Arithmetic Nominal Rate		7.66%

Discount Rate. The discount rate used to measure the collective pension liability was 7.00%. 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 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 liability.

Note 8 - DEFINED BENEFIT PENSION PLAN (Continued)

Sensitivity of the Library's Proportionate Share of the Collective Net Pension Liability to Changes in the Discount Rate. The following presents the Library's proportionate share of the collective net pension liability using the discount rate of 7.00%, as well as what the Library's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.00%) or one percentage-point higher (8.00%) than the current rate:

	<u>1.00% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1.00% Increase (8.00%)</u>
Library's proportionate share of the net pension (liability) asset	<u>(\$921,867)</u>	<u>(\$242,485)</u>	<u>\$331,007</u>

Pension Plan Fiduciary Net Position. The Parochial Employees' Retirement System of Louisiana issued a stand-alone audit report on their financial statements for the year ended December 31, 2016. Access to the audit report can be found on the System's website, www.persla.org or on the Louisiana Legislative Auditor's website, www.la.gov.

Note 9 - COMPENSATION OF BOARD MEMBERS

No compensation was paid to Board Members for the year ended December 31, 2017.

Note 10 - SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through June 11, 2018, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS FOR THE OPEB PLAN**Terrebonne Parish Library**

December 31, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as of Percentage of Covered Payroll ((b-a)/c)
1/1/2010	-	\$2,764,319	\$2,764,319	0.00%	\$1,743,617	158.54%
1/1/2012	-	\$3,078,674	\$3,078,674	0.00%	\$1,707,157	180.34%
1/1/2014	-	\$2,721,378	\$2,721,378	0.00%	\$1,764,026	154.27%
1/1/2016	-	\$4,736,957	\$4,736,957	0.00%	\$1,906,770	248.43%

**SCHEDULE OF THE LIBRARY'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY**

Terrebonne Parish Library

December 31, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Library's proportion of the net pension liability	<u>1.8666%</u>	<u>1.9347%</u>	<u>1.9521%</u>
Library's proportionate share of the net pension liability	<u>\$242,485</u>	<u>\$344,460</u>	<u>\$152,206</u>
Library's covered-employee payroll	<u>\$1,910,836</u>	<u>\$1,892,050</u>	<u>\$1,764,026</u>
Library's proportionate share of the net pension liability as a percentage of its covered-employee payroll	<u>12.690%</u>	<u>18.206%</u>	<u>8.628%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>95.50%</u>	<u>93.48%</u>	<u>99.89%</u>

SCHEDULE OF LIBRARY CONTRIBUTIONS

Terrebonne Parish Library

December 31, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 147,556	\$ 152,867	\$ 170,285
Contributions in relation to the contractually required contribution	<u>(147,556)</u>	<u>(152,867)</u>	<u>(170,285)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Library's covered-employee payroll	<u>\$ 1,844,445</u>	<u>\$ 1,910,836</u>	<u>\$ 1,892,050</u>
Contributions as a percentage of covered-employee payroll	<u>8.00%</u>	<u>8.00%</u>	<u>9.00%</u>

SUPPLEMENTARY INFORMATION

**SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

Terrebonne Parish Library

For the year ended December 31, 2017

Agency Head Name: Mary Cosper LeBoeuf

Purpose	Amount
Salary	\$ 101,341
Benefits - insurance	22,070
Benefits - retirement	8,107
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	128
Registration fees	565
Conference travel	233
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	282
	<u>\$ 132,726</u>

SPECIAL REPORTS OF 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**

To the Board of Commissioners,
Terrebonne Parish Library,
Houma, Louisiana.

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 each major fund of Terrebonne Parish Library (the Library) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Library's financial statements and have issued our report thereon dated June 11, 2018.

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

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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
June 11, 2018.

SCHEDULE OF FINDINGS AND RESPONSES

Terrebonne Parish Library

For the year ended December 31, 2017

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness (es) identified? yes no
- Significant deficiency (ies) identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

b) Federal Awards

Terrebonne Parish Library did not expend federal awards in excess of \$750,000 during the year ended December 31, 2017 and therefore is exempt from the audit requirements under the *Uniform Guidance*.

Section II Financial Statement Findings

No financial statement findings were noted during the audit for the year ended December 31, 2017.

Section III Federal Award Findings and Questioned Costs

Not applicable.

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Terrebonne Parish Library

For the year ended December 31, 2017

Section I Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended December 31, 2016. No significant deficiencies were reported during the audit for the year ended December 31, 2016.

Compliance and Other Matters

No compliance findings material to the financial statements were noted during the audit for the year ended December 31, 2016.

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Library did not expend federal awards in excess of \$750,000 during the year ended December 31, 2016 and therefore is exempt from the audit requirements under the *Uniform Guidance*.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2016.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Terrebonne Parish Library

For the year ended December 31, 2017

Section I Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses were noted during the audit for the year ended December 31, 2017. No significant deficiencies were reported during the audit for the year ended December 31, 2017.

Compliance

No compliance findings material to the financial statements were noted during the audit for the year ended December 31, 2017.

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Library did not expend federal awards in excess of \$750,000 during the year ended December 31, 2017 and therefore is exempt from the audit requirements under the *Single Uniform Administrative Requirements, Cost Principals and Audit Requirements for Federal Awards*.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2017.

AGREED-UPON PROCEDURES

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners,
Terrebonne Parish Library,
Houma, Louisiana.

We have performed the procedures described in Schedule 2, which were agreed to by the Terrebonne Parish Library, State of Louisiana (the Library), a component unit of Terrebonne Parish Consolidated Government, State of Louisiana, 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 year ended December 31, 2017. 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 the attestation standards established by the AICPA. 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 referred to above, either for the purpose for which this report has been requested, or for any other purpose.

The procedures and associated findings are described in Schedule 2.

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 these 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 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 23:513, this report is distributed by the LLA as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants

Houma, Louisiana,
June 11, 2018.

SCHEDULE OF PROCEDURES AND ASSOCIATED FINDINGS
OF THE STATEWIDE AGREED-UPON PROCEDURES

Terrebonne Parish Library

For the year ended December 31, 2017

The required procedures and our findings are as follows:

Procedures performed on the Library's written policies and procedures:

1. Obtain the Library's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the Library does not have any written policies and procedures), as applicable:
 - a) Budgeting, including preparing, adopting, monitoring, and amending the budget

Performance: Inquired of management as to a written budget policy. Management confirmed there is no written budget policy; therefore, the TPCG policy applies. Obtained and read the TPCG written policy for budgeting, and found it to contain all requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.
 - 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.

Performance: Obtained and read the written policy for purchasing, and found it to contain all requirements listed above, except as noted below.

Exceptions: Written policy does not include how vendors are added to the vendor list.

Management's response: Management will consider adding a provision discussing how vendors are added to the vendor list.
 - c) Disbursements, including processing, reviewing, and approving

Performance: Obtained and read the written policy for disbursements, and found it to contain all requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.
 - d) Receipts, including receiving, recording, and preparing deposits

Performance: Obtained and read the written policy for receipts, and found it to contain all requirements listed above.

Exceptions: No exceptions noted.

Management's response: Not applicable.

Procedures performed on the Library's written policies and procedures: (Continued)

- e) Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 Performance: Obtained and read the written policy for payroll/personnel, and found it to contain all requirements listed above.
 Exceptions: There were no exceptions noted.
 Management's response: Not applicable.
- 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
 Performance: Requested a written policy for contracting. Certain contract attributes were noted in the purchasing policy.
 Exceptions: The Library does not have a policy specific to contracts policy specific to contracts.
 Management's response: Management will consider implementing a policy specific to contracts.
- 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
 Performance: Inquired of management as to a written credit card policy. Management confirmed there is no written credit card; therefore, the TPCG policy applies. Obtained and read the TPCG written credit card policy, and found it to contain all requirements listed above.
 Exceptions: There were no exceptions noted.
 Management's response: Not applicable.
- h) Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements; and (4) required approvers
 Performance: Obtained and read the written policy for travel and expense reimbursement, and found it to contain all requirements listed above.
 Exceptions: There were no exceptions noted.
 Management's response: Not applicable.
- i) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations; and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
 Performance: Inquired of management as to a written ethics policy. Management confirmed there is no written ethics policy; therefore, the TPCG policy applies. Obtained and read the TPCG written policy for ethics, and found it to contain all requirements listed above, except as noted below.

Procedures performed on the Library's written policies and procedures: (Continued)

Exceptions: Written policy does not include requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Management's response: Management will consider adding a provision discussing how all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

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

Performance: Obtained and read the written policy for debt service, and found it to contain all requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the Library's board:

2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

Performance: Reviewed recorded board meeting minutes to test board member attendance, reviewed dates of meetings.

Exceptions: The Board of Control held monthly meetings for seven out of twelve months.

Management's response: According to the Library's bylaws, the Board of Control is to meet monthly; however, the Board of Control does not meet when there are no items on the agenda or for inclement weather.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

Performance: Inspected meeting minutes and inquired of management of monthly budget-to-actual comparisons.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 1) If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

Performance: Inspected the Board's meeting minutes and budget-to-actual comparisons to note any deficit spending and/or deficit fund balances.

Procedures performed on the Library's board: (Continued)

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g., approval of contracts and disbursements) for at least one meeting during the fiscal period.
 Performance: Reviewed meeting minutes and noted non-budgetary financial information.
 Exceptions: There were no exceptions noted.
 Management's response: Not applicable.

Procedures performed on the Library's bank reconciliations:

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.
 Performance: Obtained the listing of bank accounts from management, and received management's representation in a separate letter.
 Exceptions: There were no exceptions noted.
 Management's response: Not applicable.
4. Using the listing provided by management, select all of the Library's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than five accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
- a) Bank reconciliations have been prepared;
 Performance: Reviewed client prepared bank reconciliations for all months for the selected bank accounts. Inspected management's documentation for accuracy of bank reconciliations.
 Exceptions: Bank reconciliations, for one of the bank accounts, were not prepared for January - May 2017 and August 2017.
 Management's response: Management will prepare bank reconciliations monthly for all bank accounts.
- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
 Performance: Inspected documentation for management approval of the bank reconciliations.
 Exceptions: There was no evidence of management review on the bank reconciliations.
 Management's response: Management will provide evidence of review on all bank reconciliations.
- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Procedures performed on the Library's bank reconciliations: (Continued)

Performance: Inspected documents for items outstanding for more than 6 months as of the end of the fiscal period. In our observation, we did not note any checks that were outstanding for longer than 6 months.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the Library's collections:

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Performance: Observed the listing of cash/check/money order (cash) collection locations from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

6. Using the listing provided by management, select all of the Library's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations).

For each cash collection location selected:

- a) Obtain existing written documentation (e.g., insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party); and (3) not required to share the same cash register or drawer with another employee.

Performance: Reviewed insurance policy, inquired regarding segregation of duties and inquired whether employees share the same cash envelope.

Exceptions: Not each person that collects cash is bonded.

Management's response: Management will work towards having better segregation of duties.

- b) Obtain existing written documentation (e.g., sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

Performance: Reviewed cash receipts logs, deposit slips, bank statements and bank reconciliations.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the Library's collections: (Continued)

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
- 1) Using Library collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
 - Performance: Inspected daily collection reports from selected branches and traced daily collections to the deposit date on the corresponding bank statement.
 - Exceptions: The larger branches, including Main and East Houma, send collections to the Finance Manager at the Main Branch twice per week. The smaller branches, including Chauvin, Dulac and Montegut, send collections to the Finance Manager at the Main Branch once per week.
 - Management's response: Management will begin to adhere strictly to the policy to deposit all receipts within one day of their actual receipt.
 - 2) Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.
 - Performance: Inspected daily collections logs per branch, the journal of cash receipts, and deposit slips from the bank.
 - Exceptions: Two of the branches did not provide daily collections logs. Since deposits slips do not detail the amount collected per branch, it was difficult to trace the daily collection amount per branch to the deposit slips.
 - Management's response: Management will consider a better system to completely support deposit amounts from each location.
7. Obtain existing written documentation (e.g., policy manual, written procedure) and report whether the Library has a process specifically defined (identified as such by the Library) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.
- Performance: Inquired of management as to how receipts are determined to be complete. Compare to collection sheets from library locations for copies and fines. Also, sales tax is compared to taxes collected by the Sales and Use Tax Department.
 - Exceptions: There were no exceptions noted.
 - Management's response: Not applicable.

Procedures performed on the Library's general disbursements (excluding credit card, debit card, fuel card, P-card purchases or payments):

8. Obtain a listing of Library disbursements from management or, alternately, obtain the general ledger and sort/filter for Library disbursements. Obtain management's representation that the listing or general ledger population is complete.

Performance: Obtained the completed general ledger for the fiscal period and obtained management's representations in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

9. Using the disbursement population from step #8 above, select 25 disbursements (or select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g., purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

Performance: Selected 25 disbursements during the period. Inquired of management as to requisition/purchase order system. Purchase orders are used by the administrative assistant when ordering supplies, the acquisition librarian when ordering books and purchase orders are also when ordering equipment.

Exceptions: There were two purchases that did not include a purchase order number.

Management's response: Management will ensure that purchase order numbers are included on all purchases of supplies, books and equipment.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Performance: Requested purchase orders, approvals, and inquired of client.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) Payments for purchases were not processed without an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Performance: Reviewed processed invoices, approvals, and inquired of client. Inquired of management as to requisition/purchase order system. Purchase orders are used by the administrative assistant when ordering supplies, the acquisition librarian when ordering books and purchase orders are also when ordering equipment.

Exceptions: There were eight purchases that did not include a receiving report or other acknowledgement documenting receipt of goods or services.

Procedures performed on the Library's general disbursements (excluding credit card, debit card, fuel card, P-card purchases or payments): (Continued)

Management's response: Management will ensure that receiving reports showing receipt of goods purchased are included with all purchases of supplies, books and equipment.

10. Using Library documentation (e.g., electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the Library's purchasing/disbursement system.

Performance: Inspected policy and inquired of management as to separation of duties.

Exceptions: The finance manager is responsible for adding vendors, as well as processing payments. Due to one accounting system and only one Library personnel using the accounting software, this person both processes payments and adds vendors needed.

Management's response: Management will consider limiting the addition of new vendors to persons not responsible for processing payments.

11. Using Library documentation (e.g., electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Performance: Confirmed authorized check signers. The director is responsible for initiating some purchases and has signatory authority. Checks must be signed by a board member as well.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review Library documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Performance: For the checking account that has checks electronically printed on blank check stock, confirmed with management that persons with signatory authority do not have system access to print checks. For the checking account that has a supply of unused checks, observed that unused checks are maintained in a locked location with restricted access.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Procedures performed on the Library's general disbursements (excluding credit card, debit card, fuel card, P-card purchases or payments): (Continued)

Performance: Inquired of management as to whether there is a signature stamp or machine. Per management, there is a printboss program that provides signatures from the Director and Chairwoman.

Exceptions: The check listing is approved by the Chairwoman at the end of the month, but neither the Director nor Chairwoman approve the check listing as checks are printed with their signatures.

Management's response: The Director will begin to approve a check listing after each check run prior to the mailing of checks.

Procedures performed on the Library's credit cards, debit cards, fuel cards, p-cards:

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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.

Performance: Observed the listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

Performance: Obtained all monthly statements for two out of six credit cards and P-cards and observed for supporting documentation, as well as approvals.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

Performance: Traced all card payments and balances on the credit card statements in order to note if any fees were applied to balances.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Procedures performed on the Library's credit cards, debit cards, fuel cards, p-cards:
(Continued)**

16. Using the monthly statements or combined statements selected under step #15 above, obtain supporting documentation for all transactions for each of the cards selected (i.e. each of the cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:
- 1) An original itemized receipt (i.e., identifies precisely what was purchased)
 - Performance: Traced each transaction to an original itemized receipt.
 - Exceptions: There were no exceptions noted.
 - Management's response: Not applicable.
 - 2) Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Performance: Observed documentation of the purpose of each transaction.
 - Exceptions: There were no exceptions noted.
 - Management's response: Not applicable.
 - 3) Other documentation that may be required by written policy (e.g., purchase order, written authorization.)
 - Performance: Reviewed selected receipts for written authorization.
 - Exceptions: There were no exceptions noted.
 - Management's response: Not applicable.
- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the Library's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e., transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
- Performance: Compared the transaction detail to the written disbursement policy and Louisiana Public Bid Law.
 - Exceptions: There were no exceptions noted.
 - Management's response: Not applicable.
- c) For each transaction, compare the Library's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g., cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
- Performance: Inspected each transactions and compared to the requirements of Article 7, Section 14 of the Louisiana Constitution.

**Procedures performed on the Library's credit cards, debit cards, fuel cards, p-cards:
(Continued)**

Exceptions: There were no exceptions noted.
Management's response: Not applicable.

Procedures performed on the Library's travel and expense reimbursements:

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Performance: Obtained a list of all travel and related expense reimbursements. Management's representation of the listing was confirmed in a separate letter.

Exceptions: There were no exceptions noted.
Management's response: Not applicable.

18. Obtain the Library's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Performance: Inquired of management as to a written travel and expense reimbursement policy. Management's travel and expense policies reference the rates established by the U.S. General Services Administration as their applicable rates.

Exceptions: Per policy manual, "regulations governing reimbursement of expenses are outlined in the section dealing with reimbursement". There was no section found in the policy manual dealing with reimbursement.

Management's response: Management will consider redrafting a written travel and expense reimbursement policy.

19. Using the listing or general ledger from step #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the Library does not have written policies, compare to the GSA rates (step #18 above) and report each reimbursement that exceeded those rates.

Performance: Selected three employees who incurred travel costs during the period to further select the highest travel expenditure reimbursed. Compared expense documents to the applicable rates.

Exceptions: There were no exceptions noted.

Procedures performed on the Library's travel and expense reimbursements: (Continued)

Management's response: Not applicable.

b) Report whether each expense is supported by:

- 1) An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

Performance: Traced expense to the original itemized receipt with detail of purchase.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 2) Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

Performance: Traced expense to the original itemized receipt and other supporting documentation.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 3) Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

Performance: Inspected all documents provided for all travel reimbursements selected.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) Compare the Library's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g., hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Performance: Inspected the business/public purpose of all travel reimbursements selected and compared them to Article 7, Section 14 of the Louisiana Constitution.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Performance: Inspected documentation to find all approvals by someone other than the person receiving reimbursement.

Exceptions: Written review and approval was not noted for the Director's expenses.

Management's response: Management will try to create a better system for reviewing and approving reimbursements.

Procedures performed on the Library's contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Performance: Observed the listing of contracts in effect during the fiscal year from management, and received management's representation of completion in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the auditor). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

Performance: Obtained the listing of contract vendors, selected the five contract vendors that were paid the most money during the fiscal period to report whether the services arrangement and amount paid is supported by written contract.

Exceptions: One vendor was missing a current contract to support the services arrangement and the amount paid.

Management's response: Management is not renewing this contract in the subsequent year.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- 1) If yes, obtain/compare supporting contract documentation to legal requirements and report whether the Library complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

Performance: Reviewed contracts in accordance with the Louisiana Public Bid Law with all legal requirements.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 2) If no, obtain supporting contract documentation and report whether the Library solicited quotes as a best practice.

Performance: Inspected contract and inquired of client as to receipt of any other quotes.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

Procedures performed on the Library's contracts (Continued):

Performance: Inspected contracts to agree to the actual expenditure. Original contract terms contemplated or provided for such an amendment.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

Performance: Inspected the largest payment from each contract to compare the invoice to the contract terms.

Exceptions: One vendor, a janitorial contract, was missing a current contract to support the services arrangement and the amount paid.

Management's response: Management will review all contracts in the future.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g., Lawrason Act or Home Rule Charter).

Performance: Inspected board meeting minutes and confirmed the board approved the contract and the work performed.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the District's payroll and personnel:

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Select five employees/officials, obtain their personnel files, and:

Performance: Observed the listing of employees with their related salaries from management, and received management's representation of completeness in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

Performance: Compared compensation in the salary schedules with payments made to employees during the fiscal year.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the Library's payroll and personnel (Continued):

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Performance: Traced hourly rate changes during the period to personnel files, where they were approved in writing.

Exceptions: There were two employees who did not have the most recent salary change form in their personnel folder.

Management's response: Management will maintain salary change forms in the personnel folder approved by appropriate personnel.

23. Obtain attendance and leave records and select one pay period in which leave has been taken by at least one employee. Within that pay period, select 25 employees/officials (or select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

Performance: Selected one pay period to test leave taken during that period. Inspected all daily attendance and leave records for proper documentation.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

Performance: Confirmed that attendance and leave records were reviewed and approved by supervisors.

Exceptions: There were no evidence of supervisor approval.

Management's response: Management will consider changing the procedure to have supervisors approve attendance and leave records.

- c) Report whether there is written documentation that the Library maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Performance: Inquired and confirmed that the Library maintains written leave records for each employee eligible for paid leave.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Procedures performed on the Library's payroll and personnel: (Continued)

Performance: Inquired and inspected list of employees that terminated during the period. Management's representation of completeness confirmed in a separate letter. Obtained the personnel files for the two largest termination payments, and traced to the employees' final written leave records and daily attendance records.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

25. Obtain supporting documentation (e.g., cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Performance: Inspected payroll reporting forms, as well as cancelled checks and EFT documentation to confirm that all payments were submitted to the applicable agencies by the required deadlines.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the Library's ethics:

26. Using the five randomly selected employees/officials from procedure step #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the Library maintained documentation to demonstrate that required ethics training was completed.

Performance: Inquired of management of any documentation to demonstrate that required ethics training was completed.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

27. Inquire of management whether any alleged ethics violations were reported to the Library during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the Library's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Performance: Inquired of management of any alleged ethics violations per management, none were noted.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the Library's debt service:

28. If debt was issued during the fiscal period, obtain supporting documentation from the Library, and report whether State Bond Association approval was obtained.

Performance: Not applicable.

Exceptions: Not applicable.

Management's response: Not applicable.

29. If the Library had outstanding debt during the fiscal period, obtain supporting documentation from the Library and report whether the Library made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Performance: Obtained supporting documentation that scheduled debt service payments were made as required.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

30. If the Library had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Performance: Not applicable.

Exceptions: Not applicable.

Management's response: Not applicable.

Other procedures performed on the Library:

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the Library reported the misappropriation to the legislative auditor and the commission attorney of the parish in which the Library is domiciled.

Performance: Inquired of management of any misappropriations of public funds or assets, none were noted.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

32. Observe and report whether the Library has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.lla.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Performance: Inquired and observed if such notice was posted on the premises and on their website.

Exceptions: Notice was not posted on the premises.

Management's response: Management will post the notice on the premises.

Other procedures performed on the Library (Continued):

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

Performance: Inspected all procedures, and the results of such procedures and compared them to management's representations in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.