

ALLEN PARISH LIBRARY

Oberlin, Louisiana

Financial Report

Year Ended December 31, 2017

TABLE OF CONTENTS

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

ALLEN PARISH LIBRARY

Management's Discussion and Analysis

Within this section of the Allen Parish Library's (the Library) annual financial report, the Library's management is pleased to provide this narrative discussion and analysis of the financial activities of the Library for the fiscal year ended December 31, 2017. The Library's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FINANCIAL HIGHLIGHTS

- The Library's assets exceeded its liabilities by \$4,109,628 (net position) for the fiscal year reported.
- Total revenues of \$1,077,485 were exceeded by its total expenses of \$1,169,502 which resulted in a current year deficit of \$92,017. In comparison, for the previous year ended December 31, 2016, the Library's total revenues of \$1,388,382 exceeded its total expenses of \$1,136,158, yielding a surplus of \$252,224.
- Total net position is comprised of the following:
 - (1) Net investment in capital assets, net of related debt, of \$2,545,632 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt, if applicable, related to the purchase or construction of capital assets. In comparison, as of December 31, 2016, the Library's net capital assets were \$2,646,735.
 - (2) Unrestricted net position, representing the portion of net position available to maintain the Library's continuing obligations to citizens and creditors, amounted to a surplus of \$1,563,996 and \$1,578,988 for the fiscal years ended December 31, 2017 and 2016, respectively.
- The Library's governmental funds reported total ending fund balance of \$1,526,817 this year. This compares to the prior year ending fund balance of \$1,401,489 reflecting an increase of \$125,328 during the current year. For the prior year ended December 31, 2016, a decrease of \$388,297 was reported in the total ending fund balance. All positive fund balances are non-spendable or unassigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was a surplus of \$1,514,281, or 145% of total General Fund expenditures and 130% of total General Fund revenues including other financing sources. In comparison, for the fiscal year ended December 31, 2016, unassigned fund balance for the General Fund was a surplus of \$1,387,006, or 81% of total General Fund expenditures and 105% of total General Fund revenues including other financing sources.
- Overall, the Library improved on a strong financial position and is continuing to work to improve on this financial position.

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

ALLEN PARISH LIBRARY

Management's Discussion and Analysis (Continued)

OVERVIEW OF FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

FUND FINANCIAL STATEMENTS

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Library uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Library's most significant funds rather than the Library as a whole, since the Library only has one fund. Major funds are separately reported while all others are combined into a single, aggregated presentation. There is no individual fund data for non-major funds to be reported in any combining statements.

ALLEN PARISH LIBRARY

Management's Discussion and Analysis (Continued)

The Library has one kind of fund:

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

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

ALLEN PARISH LIBRARY

Management's Discussion and Analysis (Continued)

FINANCIAL ANALYSIS OF THE LIBRARY AS A WHOLE

The Library's net position at fiscal year-end are \$4,109,628. The following table provides a summary of the Library's net position:

| | <u>2016</u> | | <u>2017</u> | |
|---|---------------------|-------------|---------------------|-------------|
| Assets: | | | | |
| Current assets | \$ 1,627,838 | 38% | \$ 1,615,737 | 39% |
| Capital assets, net | <u>2,646,735</u> | <u>62</u> | <u>2,545,632</u> | <u>61</u> |
| Total assets | 4,274,573 | <u>100%</u> | 4,161,369 | <u>100%</u> |
| Deferred outflows of resources | <u>198,386</u> | <u>100%</u> | <u>129,201</u> | <u>100%</u> |
| Total assets and deferred outflows of resources | <u>4,472,959</u> | | <u>4,290,570</u> | |
| Liabilities: | | | | |
| Current liabilities | 70,732 | 32% | 28,311 | 17% |
| Long-term liabilities | <u>152,528</u> | <u>68</u> | <u>134,870</u> | <u>83</u> |
| Total liabilities | <u>223,260</u> | <u>100%</u> | <u>163,181</u> | <u>100%</u> |
| Deferred inflows of resources | <u>23,976</u> | <u>100%</u> | <u>17,761</u> | <u>100%</u> |
| Total liabilities and deferred inflows of resources | <u>247,236</u> | | <u>180,942</u> | |
| Net position: | | | | |
| Invested in capital assets, net of related debt | 2,646,735 | 63% | 2,545,632 | 62% |
| Unrestricted | <u>1,578,988</u> | <u>37</u> | <u>1,563,996</u> | <u>38</u> |
| Total net position | <u>\$ 4,225,723</u> | <u>100%</u> | <u>\$ 4,109,628</u> | <u>100%</u> |

The Library improved on previously strong current ratios. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio is 57.07 to 1 for governmental activities. This compares with the prior year's ratio of 23.01 to 1. This ratio significantly improved from past performance.

The Library reported positive balances in net position for governmental activities. For the fiscal years ended December 31, 2017 and 2016, respectively, net position increased (decreased) by (92,017) and \$252,224 for governmental activities. The Library's overall financial position deteriorated slightly during the fiscal year ended in December 31, 2017.

ALLEN PARISH LIBRARY

Management's Discussion and Analysis (Continued)

Note that approximately 62% and 63% of the governmental activities' net position are tied up in capital assets as of December 31, 2017 and December 31, 2016, respectively. The Library uses these capital assets to provide services to its citizens.

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

| | 2016 | | 2017 | |
|-------------------------------------|--------------------|-------------|--------------------|-------------|
| Revenues: | | | | |
| Program: | | | | |
| Capital grants and contributions | \$ 321,441 | 23% | \$ - | -% |
| General: | | | | |
| Ad valorem taxes | 991,260 | 71 | 997,195 | 93 |
| State revenue sharing | 54,110 | 4 | 56,491 | 5 |
| Interest | 1,542 | - | 5,046 | 1 |
| Miscellaneous | 16,129 | 1 | 15,304 | 1 |
| Non-employer pension contributions | <u>3,900</u> | <u>1</u> | <u>3,449</u> | <u>-</u> |
| Total revenues | <u>1,388,382</u> | <u>100%</u> | <u>1,077,485</u> | <u>100%</u> |
| Expenses: | | | | |
| Program expenses: | | | | |
| Culture and recreation | <u>1,136,158</u> | <u>100</u> | <u>1,169,502</u> | <u>100</u> |
| Total expenses | <u>1,136,158</u> | <u>100%</u> | <u>1,169,502</u> | <u>100%</u> |
| Change in net position | 252,224 | | (92,017) | |
| Beginning net position | 3,973,499 | | 4,225,723 | |
| Prior period adjustment-see Note 11 | <u>-</u> | | <u>(24,078)</u> | |
| Beginning net position as restated | <u>3,973,499</u> | | <u>4,201,645</u> | |
| Ending net position | <u>\$4,225,723</u> | | <u>\$4,109,628</u> | |

GOVERNMENTAL REVENUES

The Library is heavily reliant on ad valorem taxes to support governmental operations. Ad valorem taxes equal 93% of the revenues for governmental activities, as compared with 71% in the prior year. Also note that program revenues cover only 0% (28% in the year ended December 31, 2016) of governmental operating expenses. This means that the government's taxpayers and the Library's other general revenues fund 100% (72% in the prior fiscal year) of the governmental activities. As a result, the general economy and the local businesses have a major impact on the Library's revenue streams.

GOVERNMENTAL FUNCTIONAL EXPENSES

For the fiscal years ended December 31, 2017 and 2016, culture and recreation comprised 100% of the Library's total expenses and governmental expenditures.

ALLEN PARISH LIBRARY

Management's Discussion and Analysis (Continued)

FINANCIAL ANALYSIS OF THE LIBRARY'S FUNDS

Governmental Funds

As discussed, the governmental fund is reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. The governmental fund reported ending fund balances of \$1,526,817 and \$1,401,489 for the fiscal years ended December 31, 2017 and 2016, respectively. Of the year-end totals for December 31, 2017, \$1,514,281 was unassigned, indicating availability for continuing Library service requirements, and non-spendable fund balance was \$12,536.

The total ending fund balance of the governmental fund shows an increase of \$125,328. This compares with a decrease of \$388,297 experienced in the prior fiscal year ended December 31, 2016.

Major Governmental Funds

The General Fund is the Library's primary operating fund and the only source of day-to-day service delivery. The General Fund's fund balance increased by \$125,328 in the current fiscal year, while in the fiscal year ended December 31, 2016, the fund balance decreased by \$388,297.

The revenues show a decrease of \$154,660 or 12% less than the prior year reflecting primarily decreases in intergovernmental income. The expenditures side shows a decrease of \$668,285 or 39% less than the prior year reflecting primarily decreases in capital outlays.

The General Fund's ending fund balance was \$1,526,817 representing the equivalent of 146% of its annual expenditures and 131% of its annual revenues including other financing sources.

BUDGETARY HIGHLIGHTS

The General Fund - Both the revenue and the expenditure sides of the current year final budget for the General Fund were revised by a \$289,574 decrease and a \$352,517 decrease, respectively in relation to the prior year's final budget. The primary change in the General Fund's amended revenue budget reflects an increase in ad valorem taxes, and the amended expenditure budget reflects an increase in capital outlays.

The actual revenues exceeded the final budget by \$100,176 or 9% and the actual expenditures were less than the final budgeted expenditures by \$25,152 or 2%.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The Library's investment in capital assets, net of accumulated depreciation, for governmental-type activities as of December 31, 2017, was \$2,545,632, while that figure as of December 31, 2016, was \$2,646,735. The overall decrease was 4% for the Library as a whole. See Note 5 for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

ALLEN PARISH LIBRARY

Management's Discussion and Analysis (Continued)

| | December 31 | |
|-------------------------------|---------------------|---------------------|
| | 2016 | 2017 |
| Nondepreciable assets-land | \$ 10,500 | \$ 10,500 |
| Depreciable assets: | | |
| Buildings | 2,653,048 | 2,653,048 |
| Books | 476,002 | 454,963 |
| Furniture and fixtures | 129,809 | 115,497 |
| Equipment | 231,643 | 203,223 |
| Total depreciable assets | 3,490,502 | 3,426,731 |
| Less accumulated depreciation | 854,267 | 891,599 |
| Book value-depreciable assets | \$ <u>2,636,235</u> | \$ <u>2,535,132</u> |
| Percentage depreciated | 24% | 26% |
| Book value-all assets | \$ <u>2,646,735</u> | \$ <u>2,545,632</u> |

The depreciable capital assets for governmental activities were 26% and 24% depreciated for the fiscal years ended December 31, 2017 and December 31, 2016, respectively. This comparison indicates that the Library is replacing its governmental assets slower than they are depreciating.

The major additions are:

- Computers
- Signage
- Books

Long-term debt

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

During the year, the Library funded \$206,000 in long-term debt retirement. See Note 12 for additional information regarding long-term debt.

ALLEN PARISH LIBRARY

Management's Discussion and Analysis (Continued)

CONTACTING THE LIBRARY'S FINANCIAL MANAGEMENT

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



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Member
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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Control
Allen Parish Library
Oberlin, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the only major fund of the Allen Parish Library (the Library), a component unit of the Allen Parish Police Jury, as of and for the year ended, December 31, 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. The financial statements of the Library as of December 31, 2016 and the year then ended was audited by other auditors. Those auditors expressed an unqualified opinion on those financial statements in their report dated May 19, 2017.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Library's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Independent Auditors Report
Allen Parish Library
June 12, 2018
Page 2

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the only major fund of the Allen Parish Library, as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 - 10, the budgetary comparison information, schedule of employer's share of net pension liability, schedule of employer contributions, and the notes to such information on pages 42 - 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The prior year comparative information presented with the required supplementary information has been derived from the Allen Parish Library's 2016 basic financial statements and prepared by the other auditors. Those auditors who reported that the information was fairly presented in all material respects in relation to the basic financial statements from which they were derived.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Library's basic financial statements. The schedule of compensation paid to the Board of Control Members and the schedule of compensation, benefits and other payments to chief executive officer are presented on pages 47 through 48 for purposes of additional analysis and are not a required part of the basic financial statements. Such information was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the compensation paid to the Board of Control Members and the schedule of compensation, benefits and other payments to chief executive officer are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2018, on our consideration of the Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.

Royce T. Scimemi, CPA, APAC
Oberlin, Louisiana

Royce T. Scimemi, CPA, APAC

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)

**Allen Parish Library
Oberlin, Louisiana
Statement of Net Position
December 31, 2017**

| | Primary Government |
|--|--------------------------------|
| | Governmental Activities |
| ASSETS | |
| Current assets: | |
| Cash and interest-bearing deposits | \$ 391,146 |
| Investments | 293,185 |
| Taxes receivable | 900,029 |
| Due from other governmental units | 18,841 |
| Prepaid items | 12,536 |
| Total current assets | 1,615,737 |
| Noncurrent assets: | |
| Land | 10,500 |
| Capital Assets, Net | 2,535,132 |
| Total Assets | 4,161,369 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred outflows of resources related to pensions | 129,201 |
| Total Deferred Outflows of Resources | 129,201 |
| LIABILITIES | |
| Current liabilities: | |
| Accounts payable | 22,010 |
| Salaries payable | 6,301 |
| Noncurrent liabilities: | |
| Compensated absences payable | 38,711 |
| Net pension liability | 96,159 |
| Total Liabilities | 163,181 |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred inflows of resources related to pensions | 17,761 |
| Total Deferred Inflows of Resources | 17,761 |
| NET POSITION | |
| <i>Net investment in capital assets</i> | 2,545,632 |
| <i>Unrestricted</i> | 1,563,996 |
| Total Net Position | \$ 4,109,628 |

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

**Allen Parish Library
Oberlin, Louisiana
Statement of Activities
For the Year Ended December 31, 2017**

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue |
|--|---------------------|-------------------------|--|-------------------------------------|---------------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Governmental Activities |
| Primary Government Governmental Activities: | | | | | |
| Culture and recreation | \$ 1,169,502 | \$ -- | \$ -- | \$ -- | \$ (1,169,502) |
| Total Governmental Activities | \$ 1,169,502 | \$ -- | \$ -- | \$ -- | \$ (1,169,502) |
| | | General Revenues | | | |
| | | Taxes: | | | |
| | | | | | 997,195 |
| | | | | | 56,491 |
| | | | | | 991 |
| | | | | | 5,046 |
| | | | | | 3,449 |
| | | | | | 14,313 |
| | | | | | 1,077,485 |
| | | | | | (92,017) |
| | | | | | 4,225,723 |
| | | | | | (24,078) |
| | | | | | 4,201,645 |
| | | | | | \$ 4,109,628 |

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

FUND FINANCIAL STATEMENTS (FFS)

Allen Parish Library
Oberlin, Louisiana
Balance Sheet
Governmental Fund
December 31, 2017

| | | General Fund |
|---|----|--------------|
| ASSETS | | |
| Cash and interest-bearing deposits | \$ | 391,146 |
| Investments | | 293,185 |
| Taxes receivable | | 900,029 |
| Due from other governmental units | | 18,841 |
| Prepaid items | | 12,536 |
| Total Assets | | 1,615,737 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Aggregated deferred outflows | | -- |
| Total Assets and Deferred Outflows of Resources | \$ | 1,615,737 |
| LIABILITIES | | |
| Accounts payable | \$ | 22,010 |
| Salaries payable | | 6,301 |
| Total Liabilities | | 28,311 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Unavailable revenue - delinquent ad valorem taxes | | 60,609 |
| Total Liabilities and Deferred Inflows of Resources | | 88,920 |
| FUND BALANCE | | |
| Nonspendable | | 12,536 |
| Unassigned | | 1,514,281 |
| Total Fund Balance | | 1,526,817 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balance | \$ | 1,615,737 |

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

**Allen Parish Library
Oberlin, Louisiana
Reconciliation of Governmental Fund Balance Sheet with Statement of Net Position
December 31, 2017**

| | | |
|---|-----------|-------------------------|
| Total Fund Balance - Governmental Funds | \$ | 1,526,817 |
| Pension related changes in net pension liability that is only reported as deferred inflows of resources in the Statement of Net Position. | | (17,761) |
| Some of the Library's ad valorem taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources in the fund financial statements only. | | 60,609 |
| Pension related changes in net pension liability that is only reported as deferred outflows of resources in the Statement of Net Position. | | 129,201 |
| Fixed assets are capitalized in the Statement of Net Position and depreciated in the Statement of Activities. These are expensed when acquired in the Statement of Revenues, Expenditures, and Changes in Fund Balance. | | 2,545,632 |
| Net pension liability reflected on the Statement of Net Position not in Governmental Funds Balance Sheet. | | (96,159) |
| Increase in long-term compensated absences payable. | | (38,711) |
| Total Net Position-Governmental Funds | \$ | <u>4,109,628</u> |

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

**Allen Parish Library
Oberlin, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For the Year Ended December 31, 2017**

| | General Fund |
|--|---------------------|
| Revenues | |
| Taxes - ad valorem | \$ 1,092,203 |
| Intergovernmental | 57,482 |
| Interest | 5,046 |
| Miscellaneous | 14,313 |
| Total Revenues | 1,169,044 |
| Expenditures | |
| Current: | |
| Advertising | 1,093 |
| Dues and subscriptions | 14,586 |
| Electronic resources | 11,197 |
| Insurance | 91,058 |
| Miscellaneous | 6,040 |
| Office supplies | 450 |
| Payroll taxes | 8,502 |
| Pension expense | 31,715 |
| Periodicals and subscriptions | 5,682 |
| Rents | 14,514 |
| Repairs and maintenance | 101,386 |
| Retirement | 35,381 |
| Salaries and wages | 332,078 |
| Supplies | 21,118 |
| Telephone | 11,916 |
| Travel | 26,135 |
| Utilities | 51,239 |
| Debt Service: | |
| Principal retirement | 206,000 |
| Interest | 23,349 |
| Capital outlay | 50,277 |
| Total Expenditures | 1,043,716 |
| Net Change in Fund Balance | 125,328 |
| Fund Balance at Beginning of Period | 1,401,489 |
| Fund Balance at End of Period | \$ 1,526,817 |

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

**Allen Parish Library
Oberlin, Louisiana
Reconciliation of Governmental Fund Statement of Revenues, Expenditures, and
Changes in Fund Balance with Statement of Activities
For the Year Ended December 31, 2017**

| | | |
|--|-----------|------------------------|
| Total Net Change in Fund Balance - Governmental Funds | \$ | 125,328 |
| Basis in assets disposed of during the year. | | (7,790) |
| Fixed assets expensed as capital outlay in governmental fund statements and capitalized as fixed assets in Statement of Net Position. | | 50,277 |
| Compensated absences expensed as paid in governmental fund statements, expensed as incurred in entity wide statements, and reflected as liability on Statement of Net Position. | | (3,175) |
| Depreciation expense reflected in entity wide statements and not reflected in governmental fund statements. | | (143,590) |
| Contributions to retirement systems by non-employers. | | 3,449 |
| Pension expense is based on employer contributions in the government funds Statement of Revenues, Expenditures, and Changes in Net Position and actuarial calculated expense on the Statement of Activities. | | (21,508) |
| Some of the Library's ad valorem taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources in the fund financial statements. Net change in unavailable revenues - delinquent ad valorem taxes. | | (95,008) |
| Changes in Net Position-Governmental Funds | \$ | <u>(92,017)</u> |

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

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

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

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

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

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

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

GASB Statement 14 established criteria for determining which component units should be considered part of the Allen Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability.

The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Allen Parish Police Jury to impose its will on that organization, and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Allen Parish Police Jury.

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Notes to Basic Financial Statements (Continued)

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

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

This report includes the funds, which are controlled by or dependent on the Library executive and legislative branches (the Board of Control). Control by or dependence on the Library was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibilities.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

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

Fund Financial Statements (FFS)

The accounts of the Library are organized on the basis of funds, each of which is considered to be an independent fiscal and accounting entity. The operations of each fund are accounted for within separate sets of self-balancing accounts, which comprise its assets, deferred inflows of resources, liabilities, deferred outflows of resources, fund balance/net position, revenues, expenditures/expenses, and transfers. The General Fund is always a major governmental fund. Other individual governmental and enterprise major funds are determined as funds whose revenues, expenditures/expenses, assets and deferred outflows of resources or liabilities and deferred inflows of resources are at least ten percent of the corresponding totals for all funds of that category or type (total governmental or total enterprise funds) and at least five percent of the corresponding total for all governmental and enterprise funds combined for funds designated as major at the discretion of the Library. Funds not classified as a

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Notes to Basic Financial Statements (Continued)

major fund are aggregated and presented in a single column in the fund financial statements. The Library maintains one fund, which is categorized as a governmental fund. The fund used by the Library is described below.

Governmental Fund -

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

General Fund

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

C. Measurement Focus/Basis of Accounting, and Financial Statement Presentation

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

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

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

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Notes to Basic Financial Statements (Continued)

Expenditures are generally recognized when the related fund liabilities are incurred and become payable in the current period. Proceeds of debt are reported as other financing sources, and principal and interest on long-term debt, as well as expenditures related to compensated absences, are recorded as expenditures when paid.

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

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

Cash and interest-bearing deposits

For purposes of the statement of net position, cash and interest-bearing deposits include all demand accounts and savings accounts of the Library.

Investments

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

Receivables

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

Prepaid Items

Payments made to vendors for services that will benefit the period beyond December 31, 2017 are recorded as prepaid items.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements.

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Notes to Basic Financial Statements (Continued)

The Library's accounting policies regarding capital assets are that these assets, with an initial cost of \$500 or more, are to be capitalized and depreciated over their estimated useful lives. Purchased or constructed capital assets are valued at historical cost or estimated historical cost. Donated capital assets are recorded at fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

Compensated Absences

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

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

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period and so will not be

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Notes to Basic Financial Statements (Continued)

recognized as an outflow of resources (expense/expenditure) until then. The Library has one item that qualifies for reporting in this category, the deferred outflow of resources attributable to its pension plan. The Library reported deferred outflows of resources related to pensions of \$129,201 at December 31, 2017.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Library has one item that qualifies for reporting in this category in the government-wide statement of net position, the deferred inflow of resources attributable to its pension plan. The Library reported deferred inflows of resources related to pensions of \$17,761 at December 31, 2017. The Library also reported deferred inflows of resources related to unavailable delinquent ad valorem tax revenue of \$60,609 in the General Fund balance sheet at December 31, 2017.

Equity Classifications

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

- a. Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position consists of net position with constraints placed on the use either by external groups, such as grantors, creditors, contributors, or laws and regulations of other governments, or law through constitutional provisions or enabling legislation. It is the Library's policy to use restricted net position prior to the use of unrestricted net position when both restricted and unrestricted net position are available for an expense which has been incurred.
- c. Unrestricted net position consists of all other assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet the definition of "restricted" or "net investments in capital assets."

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

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Notes to Basic Financial Statements (Continued)

1. Nonspendable includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints requiring they remain intact. The Library's nonspendable fund balance includes prepaid items.
2. Restricted includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as grantors, donors, creditors or amounts constrained due to constitutional provisions or enabling legislation.
3. Committed includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal legislative action of the Board of Control and does not lapse at year end. A committed fund balance constraint can only be established, modified, or rescinded by passage of a resolution by the Board of Control.
4. Assigned includes fund balance amounts that are constrained by the Library's intent to be used for specific purposes, that are neither restricted nor committed. The assignment of fund balance is authorized by a directive from the Library's Director with the approval of a resolution by the Board of Control.
5. Unassigned includes fund balance amounts which have not been classified within the above-mentioned categories.

It is the Library's policy to use restricted amounts first when both restricted and unrestricted fund balance is available unless prohibited by legal or contractual provisions. Additionally, the Library uses committed, assigned, and lastly unassigned amounts of fund balance in that order when expenditures are made.

As of December 31, 2017, the General Fund's balance is composed of the following:

| | |
|------------------------------|--------------------|
| Nonspendable – prepaid items | \$ 12,536 |
| Unassigned | <u>1,514,281</u> |
| Total fund balance | <u>\$1,526,817</u> |

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Notes to Basic Financial Statements (Continued)

E. Revenues, Expenditures/Expenses

Revenues

The Library considers revenue to be susceptible to accrual in the governmental funds as it becomes measurable and available, as defined under the modified accrual basis of accounting. The Library generally defines the availability period for revenue recognition as received within the reporting period or within sixty (60) days after year end. The Library's major revenue sources that meet this availability criterion are ad valorem tax revenue and state revenue sharing revenue.

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

Expenditures/Expenses

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

F. Use of Estimates

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

(2) Cash and Interest-Bearing Deposits

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Notes to Basic Financial Statements (Continued)

Under state law, the Library may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Library may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2017, the Library has cash and interest-bearing deposits (book balances) totaling \$391,146, as follows:

| | |
|---------------------------|------------------|
| Demand deposits | \$289,338 |
| Time and savings deposits | <u>101,808</u> |
| Total | <u>\$391,146</u> |

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Library's deposits may not be recovered or the collateral securities that are in the possession of an outside party will not be recovered. These deposits are stated at cost, which approximates market. Under state law, deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Deposit balances (bank balances) at December 31, 2017, are secured as follows:

| | |
|--|------------------|
| Bank balances | \$400,320 |
| Federal deposit insurance | 356,464 |
| Uninsured and collateral held by pledging bank not in Library's name | - |
| Total – uninsured and uncollateralized | <u>\$ 43,856</u> |

Deposits in the amount of \$43,856 were exposed to custodial credit risk. These deposits are uninsured and uncollateralized at December 31, 2017. These deposits are uninsured and normally collateralized with securities held by the pledging institution, its trust department or agent, but not in the Library's name (Category 3 deposits). Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Library that the fiscal agent has failed to pay deposited funds upon demand.

(3) Investments

At December 31, 2017, the Library's investments were as follows:

| | | | | |
|------|------|------|-----------|------|
| | % or | Fair | Less Than | One- |
| Five | | | | |

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Notes to Basic Financial Statements (Continued)

| <u>Investment Type</u> | <u>Portfolio</u> | <u>Value</u> | <u>One Year</u> |
|--|------------------|--------------|-----------------|
| <u>Years</u> | | | |
| Governmental Activities: | | | |
| Louisiana Asset Management Pool (LAMP) | 100% | \$293,185 | \$293,185 |
| | | | \$ _____ - |

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

Credit Risk/Concentration of Credit Risk – Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Library limits investments to government securities that are direct and indirect obligations of the United States Government. At December 31, 2017, the Library did not have any such investments.

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

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

The investment in LAMP is not exposed to custodial credit risk and is not categorized in the three categories provided by GASB Codification Section I50.I64 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. LAMP has a fund rating of AAA issued by Standard & Poor’s. The fair value of investments is determined on a weekly basis by LAMP, and the fair value of the Library’s investment in LAMP is the same as the value of the pool shares.

(4) Due from Other Governmental Units

Amounts due from other governmental units at December 31, 2017 consisted of the following:

| | |
|---|----------|
| Amount due from the Allen Parish Sheriff’s Office for state revenue sharing payments for fiscal year ended December 31, 2017. | \$18,841 |
|---|----------|

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Notes to Basic Financial Statements (Continued)

(5) Capital Assets

Capital asset balances and activity for the year ended December 31, 2017 is as follows:

| | <u>Balance</u> <u>12/31/16</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>12/31/17</u> |
|---------------------------------------|-----------------------------------|--------------------|------------------|-----------------------------------|
| Governmental Activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 10,500 | \$ - | \$ - | \$ 10,500 |
| Other capital assets: | | | | |
| Buildings | 2,653,048 | - | - | 2,653,048 |
| Books | 476,002 | 25,022 | 46,061 | 454,963 |
| Furniture and fixtures | 129,809 | 1,073 | 15,385 | 115,497 |
| Equipment | <u>231,643</u> | <u>24,182</u> | <u>52,602</u> | <u>203,223</u> |
| Totals | <u>3,501,002</u> | <u>50,277</u> | <u>114,048</u> | <u>3,437,231</u> |
| Less accumulated depreciation: | | | | |
| Buildings | 321,921 | 66,852 | - | 388,773 |
| Books | 345,184 | 42,131 | 46,061 | 341,254 |
| Furniture and fixtures | 53,567 | 8,442 | 15,385 | 46,624 |
| Equipment | <u>133,595</u> | <u>26,165</u> | <u>44,812</u> | <u>114,948</u> |
| Total accumulated depreciation | <u>854,267</u> | <u>143,590</u> | <u>106,258</u> | <u>891,599</u> |
| Capital assets, net | <u>\$ 2,646,735</u> | <u>\$ (93,313)</u> | <u>\$ 7,790</u> | <u>\$ 2,545,632</u> |

Depreciation expense of \$143,590 was charged to the culture and recreation function.

(6) Accounts, Salaries, and Other Payables

The accounts, salaries, and other payables consisted of the following at December 31, 2017:

| | |
|---------------------|------------------|
| Accounts | \$ 19,266 |
| Salaries | 6,301 |
| Accrued liabilities | <u>2,744</u> |
| Total | <u>\$ 28,311</u> |

(7) Unavailable Revenues

Unavailable revenues are reported in governmental funds and represent revenue received more than 60 days following year end (and, therefore, unavailable to pay liabilities of the current period). Unavailable revenue received after 60 days is recognized as revenue in the government-wide financial statements. At December 31, 2017, governmental funds' revenues that have been earned but are unavailable totaled \$60,609, which was comprised of delinquent ad valorem tax revenue.

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Notes to Basic Financial Statements (Continued)

(8) Ad Valorem Taxes

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

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

For the year ended December 31, 2017, taxes of 10.81 mills were levied on property with net assessed valuations totaling \$92,999,471 and were dedicated to paying the administrative, operations and maintenance expenditures for the Library. Total taxes levied during 2017 were \$1,005,324. Taxes receivable at December 31, 2017 totaled \$900,029.

(9) Employee Retirement System

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

Plan Description

PERS provides retirement, disability, and survivor benefits to eligible employees and their beneficiaries as defined in LRS 11:1901 and 11:1941. The Library participates in Plan A.

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

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

| | |
|---|----------------------------|
| Final average salary | Final average compensation |
| Years of service required and/or age eligible for | 30 years at any age |

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Notes to Basic Financial Statements (Continued)

| | |
|---|--|
| benefits for employees hired prior to December 31, 2006 | 25 years age 55 10 years age 60 7 years age 65 |
| Years of service required and/or age eligible for benefits for employees hired after January 1, 2007 | 30 years age 55 10 years age 62 7 years age 67 |
| Benefit percent per year of service | 3.0% |

Deferred Retirement Option Plan (DROP)

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

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at their option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund or roll over the fund to an individual retirement account.

Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date.

For individuals who become eligible to participate in the DROP on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in DROP will be placed in liquid asset money market investments at the discretion of the PERS board of trustees. These subaccounts may be credited with interest based on money market rates of return or, at the option of the PERS, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of DROP must agree that the benefits payable to the participant are not the obligations of the state or the PERS, and that any returns and other rights of DROP are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

Disability Benefits:

A member shall be eligible to retire and receive a disability benefit if they were hired prior to January 1, 2007 and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable services, and is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Notes to Basic Financial Statements (Continued)

disability, a member shall be paid a disability benefit equal to the lesser of an amount equal to 3% of the member's final average compensation multiplied by his years of service, not to be less than 15, or 3% multiplied by years of service assuming continued service to age 60.

Contributions

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee. In addition, PERS receives a percentage of ad valorem taxes collected by parishes. These entities are not participating employers in the pension system and are considered to be non-employer contributing entities. For the year ended December 31, 2017, the contribution percentages for employees and employers were 9.5% and 12.5%, respectively. The amounts contributed from non-employer contributing entities and from the Library for the year ended December 31, 2017 were \$3,449 and \$35,381, respectively.

At December 31, 2017 the Library reported payables of \$-0- for the outstanding amount of contributions due to the retirement system for the year.

Net Pension Liability

The Library's net pension liability at December 31, 2017 of \$96,159 is comprised of its proportionate share of the net pension liability relating to the cost-sharing plan. The Library's net pension liability for the plan was measured as of the plan's measurement date, 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 proportionate share of the net pension liability for the plan was based on the Library's required contributions in proportion to total required contributions for all employers.

As of the most recent measurement date, the Library's proportion for the plan was 0.0466900% and the change in proportion from the prior measurement date was a decrease of 0.12879%.

Since the measurement date of the net pension liability was December 31, 2016 for PERS, the net pension liability is based upon fiduciary net position for the plan as of that date. Detailed information about the plan's assets, deferred outflows, deferred inflows, and fiduciary net position that was used in the measurement of the Authority's net pension liability is available in the separately issued plan financial report which may be accessed on their website at <http://www.persla.org/>.

Actuarial Assumptions

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

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Notes to Basic Financial Statements (Continued)

| | |
|----------------------------------|--|
| Valuation Date | December 31, 2016 |
| Actuarial Cost Method | Entry Age Normal |
| Expected Remaining Service Lives | 4 years |
| Investment Rate of Return | 7.00%, net of investment expense, including inflation |
| Projected Salary Increases | 5.25% (2.75% Merit/2.50% Inflation) |
| Cost of Living Adjustments | The present value of future retirement benefits is based on benefits currently being paid by the PERS and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the board of trustees. |
| Mortality Rates | RP-2000 Employee Sex Distinct Table was selected for employees. RP-2000 Healthy Annuitant Sec Distinct Tables were selected for annuitants and beneficiaries. RP-2000 Disable Lives Mortality Table was selected for disable annuitants. |
| Inflation Rate | 2.50% |

Cost of Living Adjustments

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

Discount Rate

The discount rate used to measure the Library's total pension liability for PERS plan was 7.00%, which was the same rate as the prior valuation. The plan member contributions will be made at the current contribution rate and sponsor contributions will be made at the actuarially determined rates.

The discount rate used to measure the Library's total pension liability for the pension plan is equal to the long-term expected rate of return on pension plan investments that are expected to be used to finance the payment of benefits. For PERS the rate was determined using a triangulation method which integrated the Capital Asset Pricing Model (CAPM), a treasury yield curve approach and an equity building block model. Risk return and correlation are projected on a forward-looking basis in equilibrium, in which best-estimates of expected future real rates of return 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

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Notes to Basic Financial Statements (Continued)

return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized for PERS in the following table:

| <u>Asset Class</u> | <u>Target Asset Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|------------------------------------|--------------------------------|---|
| Fixed income | 35% | 1.24% |
| Equities | 52% | 3.63% |
| Alternatives | 11% | 0.67% |
| Real assets | <u>2%</u> | <u>0.12%</u> |
| Total | <u>100%</u> | 5.66% |
| Inflation | | <u>2.00%</u> |
| Expected Arithmetic Nominal Return | | <u>7.66%</u> |

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

Changes in the net pension liability may either be reported in pension expense in the year the change occurred or recognized as a deferred outflow of resources or a deferred inflow of resources in the year the change occurred and amortized into pension expense over a number of years. For the year ended December 31, 2017, the Library recognized \$21,509 in pension expense related to its pension plan. The Library also recognized revenues in the amount of \$3,449 in ad valorem taxes collected from non-employee contributing entities.

At December 31, 2017, the Library reported deferred outflows of resources and deferred inflows of resources related to its pension plan from the following sources:

| | <u>Governmental</u> | <u>Activities</u> |
|--|---------------------|-------------------|
| | Deferred Outflows | Deferred |
| | of Resources | of |
| Inflows | | |
| Resources | | |
| Differences between expected and actual experience | \$ - | \$ 16,827 |
| Net difference between projected and actual earnings on pension plan investments | 74,623 | - |
| Changes in assumptions | 18,256 | - |
| Changes in proportion and differences between Library contributions and proportionate share of contributions | 941 | 934 |
| Library contributions subsequent to the | | |

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Notes to Basic Financial Statements (Continued)

| | | |
|------------------|-------------------|------------------|
| measurement date | <u>35,381</u> | <u>-</u> |
| Total | <u>\$ 129,201</u> | <u>\$ 17,761</u> |

Deferred outflows of resources of \$35,381 resulting from the employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability during the year ending December 31, 2018. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions to be recognized in pension expense are as follows:

| | Net Amount Recognized in Pension Expense |
|-------|--|
| 2018 | \$ 27,860 |
| 2019 | 27,860 |
| 2020 | 27,860 |
| 2021 | <u>27,860</u> |
| Total | <u>\$111,440</u> |

Sensitivity of the Library's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Library's proportionate shares of the net pension liability of the plan, calculated using the discount rate, as well as what the Library's proportionate share of the net pension liability would be if they were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

| | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
|---|---------------------------|--|---------------------------|
| Library's proportionate share of the net pension liability | \$ 287,649 | \$ 96,159 | \$(65,752) |

Change in Net Pension Liability – The changes in net pension liability for the year ended December 31, 2017 were recognized in the current reporting period as pension expense except as follows:

Differences Between Expected and Actual Experience:

Differences between expected and actual experience with regard to economic or demographic factors in the measurement of total pension liability were recognized in pension expense using the straight-line method amortization over a closed period equal to the average of the expected

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Notes to Basic Financial Statements (Continued)

remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in a deferred inflow of resources of \$16,827 for the year ended December 31, 2017.

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

Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed four year period. The difference between projected and actual earnings on pension plan investments resulted in a deferred outflow of resources of \$74,623 for the year ended December 31, 2017.

Changes in Assumptions or Other Inputs:

Changes of assumption about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. Changes in assumptions or other inputs resulted in a deferred outflow of resources of \$18,256 for the year ended December 31, 2017.

Changes in Proportion:

Changes in proportionate shares of collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. Changes in proportionate shares of beginning net pension liability resulted in increases in deferred outflow of resources of \$941 and deferred inflows of resources of \$934 for the year ended December 31, 2017.

(10) Risk Management

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

(11) Prior Period Adjustment/Correction of an Error

The Library has determined that certain transactions were recorded incorrectly in a prior year. The error resulted in an understatement of compensated absences liability that was discovered in the current year. The following schedule reconciles December 31, 2016 net position as

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Notes to Basic Financial Statements (Continued)

previously reported to beginning net position, as restated, as a result of the correction of the error described above:

| | |
|--|---------------------|
| Governmental activities: | |
| Net position, as previously reported | \$ 4,225,723 |
| Prior period adjustment: | |
| Correction of understatement of compensated absences | <u>(24,078)</u> |
| Net Position, as restated | \$ <u>4,201,645</u> |

(12) Limited Tax Library Revenue Bonds

In April, 2015, the Allen Parish Police Jury issued \$1,500,000 of Limited Tax Library Revenue Bonds. Based upon an agreement between the Library and the Allen Parish Police Jury, the proceeds of the bonds were utilized to fund renovations of two library branches. The Library in turn funds the debt service requirements of these bonds by transferring ad valorem tax revenue equal to the debt service payment on the bonds annually to the Allen Parish Police Jury. During the year ended December 31, 2017, the Library paid \$229,349 to the Allen Parish Police Jury for annual debt service payments.

(13) Litigation

There was no litigation pending against the Allen Parish Library at December 31, 2017.

(14) Tax Abatements

Louisiana's State Constitution Article VII, Section 21 authorized the State Board of Commerce and Industry to create a ten (10) year ad valorem tax abatement program for new manufacturing establishments in the State. Under the terms of this program, qualified businesses may apply for an exemption of local ad valorem taxes on capital improvements and equipment relating to manufacturing for the first ten years of its operation; after which the property will be added to the local tax roll and taxed at the value and millage in force at the time. The future value of this exempt property could be subject to significant fluctuation from today's value; however, the Library could receive a substantial increase in ad valorem tax revenues once the exemption on this property expires. All applicable agreements have been entered into by the Allen Parish Police Jury and directly affect the Library's ad valorem assessments. Because these taxes are not assessed or due, no adjustments have been made to the Library's basic financial statements to record a receivable. As of December 31, 2017, \$33,420,790 of assessed property in the Library's taxing jurisdiction is receiving this exemption for the parish out millage. This resulted in ad valorem tax exemption amounting to \$361,279.

REQUIRED SUPPLEMENTARY INFORMATION

Allen Parish Library
Oberlin, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget to Actual
General Fund
For the Year Ended December 31, 2017

| | Budgeted Amounts | | Actual | Variance |
|--|---------------------|---------------------|---------------------|--|
| | Original | Final | | Favorable (Unfavorable) Final to Actual |
| Revenues | | | | |
| Taxes - ad valorem | \$ 961,608 | \$ 995,686 | \$ 1,092,203 | \$ 96,517 |
| Intergovernmental | 59,008 | 62,069 | 57,482 | (4,587) |
| Miscellaneous | 14,714 | 9,561 | 14,313 | 4,752 |
| Interest Income | 1,552 | 1,552 | 5,046 | 3,494 |
| Total Revenues | 1,036,882 | 1,068,868 | 1,169,044 | 100,176 |
| Expenditures | | | | |
| Current: | | | | |
| Advertising | 2,000 | 1,500 | 1,093 | 407 |
| Dues and subscriptions | 17,571 | 16,071 | 14,586 | 1,485 |
| Electronic resources | -- | -- | 11,197 | (11,197) |
| Insurance | 106,283 | 88,471 | 91,058 | (2,587) |
| Miscellaneous | -- | 3,964 | 6,040 | (2,076) |
| Office supplies | -- | 500 | 450 | 50 |
| Payroll taxes | 14,336 | 8,200 | 8,502 | (302) |
| Pension expense | 50,000 | 31,153 | 31,715 | (562) |
| Periodicals and subscriptions | -- | -- | 5,682 | (5,682) |
| Rents | 18,758 | 14,758 | 14,514 | 244 |
| Repairs and maintenance | 78,000 | 96,000 | 101,386 | (5,386) |
| Retirement | -- | 35,000 | 35,381 | (381) |
| Salaries and wages | 425,998 | 333,869 | 332,078 | 1,791 |
| Supplies | 21,955 | 24,100 | 21,118 | 2,982 |
| Telephone | 11,000 | 11,000 | 11,916 | (916) |
| Travel | 20,000 | 20,700 | 26,135 | (5,435) |
| Utilities | 54,315 | 51,315 | 51,239 | 76 |
| Debt Service: | | | | |
| Principal retirement | 206,000 | 206,000 | 206,000 | -- |
| Interest | 10,666 | 23,349 | 23,349 | -- |
| Capital Outlay | -- | 102,918 | 50,277 | 52,641 |
| Total Expenditures | 1,036,882 | 1,068,868 | 1,043,716 | 25,152 |
| Net Change in Fund Balance | -- | -- | 125,328 | 125,328 |
| <i>Fund Balance at Beginning of Period</i> | <i>1,401,489</i> | <i>1,401,489</i> | <i>1,401,489</i> | <i>--</i> |
| Fund Balance at End of Period | \$ 1,401,489 | \$ 1,401,489 | \$ 1,526,817 | \$ 125,328 |

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

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Schedule of Library's Proportionate Share of Net Pension Liability
Year ended December 31, 2017*

| Year Ended December 31, | Employer Proportion of the Net Pension Liability (Asset) | Employer Proportionate Share of the Net Pension Liability (Asset) | Employer's Covered Employee Payroll | Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|---|---|--|--|---|--|
| Parochial Employees' Retirement System of Louisiana – Plan A | | | | | |
| 2015 | 0.067094% | \$ 18,344 | \$ 307,275 | 5.97% | 99.15% |
| 2016 | 0.053592% | \$ 141,070 | \$ 276,896 | 50.97% | 92.23% |
| 2017 | 0.046690% | \$ 96,159 | \$ 283,050 | 33.97% | 94.15% |

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

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

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Schedule of Library's Pension Plan Contributions
Year ended December 31, 2017

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

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

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Notes to Required Supplementary Information

(1) Budget and Budgetary Accounting

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

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

(2) Excess of Expenditures Over Appropriations

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

OTHER SUPPLEMENTARY INFORMATION

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Schedule of Compensation Paid to Board of Control Members

Year Ended December 31, 2017

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

The Board of Control members serve without compensation.

ALLEN PARISH LIBRARY
Oberlin, Louisiana

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

Year Ended December 31, 2017

Chief Executive Officer: Agnes Guillory, Director

| <u>Purpose</u> | <u>Amount</u> |
|--|---------------|
| Salary | \$ 58,745 |
| Benefits-insurance | 8,456 |
| Benefits-retirement | 7,931 |
| Benefits-cell phone | 3,517 |
| Car allowance | -0- |
| Vehicle provided by government | -0- |
| Per diem | -0- |
| Reimbursements | -0- |
| Travel | 6,741 |
| Registration fees | -0- |
| Conference travel | 1,829 |
| Continuing professional education fees | 250 |
| Housing | -0- |
| Unvouchered expenses | -0- |
| Meals | 1,401 |



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

Board of Control
Allen Parish Library
Oberlin, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the only major fund of the Allen Parish Library (the Library), a component unit of the Allen Parish Police Jury, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated June 12, 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 entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Board of Control
Allen Parish Library
June 12, 2018
Page 2

We did identify one deficiency in internal control, described in the accompanying schedule of current and findings and responses, as item 2017-1 I/C that we consider to be a significant deficiency.

Compliance and Other Matters

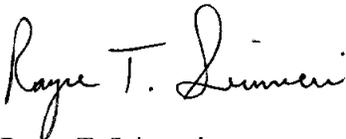
As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance and other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2017-2 C.

Allen Parish Library's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Library's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



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

ALLEN PARISH LIBRARY
Oberlin, Louisiana
Schedule of Findings and Responses

Year Ended December 31, 2017

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Control deficiencies(s) identified that are not considered to be material weakness(es)? yes none reported

Noncompliance material to financial statements noted?

yes no

Findings – Financial Statement Audit

Finding #2017-1 C:

Inadequate Segregation of Duties

Criteria: The Library does not have adequate segregation of duties within the accounting function.

Cause: The relatively small number of employees that the Library can afford to compensate.

Effect: Employees are performing functions that should be segregated to prevent them from being able to perform unethical acts and also be influential in concealing those same acts.

Recommendation: This situation is inherent in most entities of this type and we recommend that the Board of Control take an active interest in the review of all of the financial information.

Response: See Corrective Action Plan

Finding #2017-2 C:

Uninsured/Uncollateralized Bank Deposits

Condition: The Library owned deposits held at a local bank in excess of Federal Deposit Insurance Corporation (FDIC) coverage (i.e. exposed to custodial credit risk) that were not collateralized with securities held by the pledging institution

Criteria: Louisiana Revised Statute 39:1225 requires the Library to ensure that any deposit held at a financial institution in excess of FDIC limits be secured by securities held by the pledging institution.

Cause: Administrative oversight

Effect: Possible violation of Louisiana Revised Statute 39:1225

Recommendation: Monitor deposits to ensure any amounts in excess of FDIC limits are collateralized.

Response: See Corrective Action Plan

Federal Award Findings and Questioned Costs

- None

ALLEN PARISH LIBRARY
Oberlin, Louisiana

Management's Corrective Action Plan for
Current Year Audit Findings and
Responses (Unaudited)
Year Ended December 31, 2017

Finding #2017-1 I/C:
Inadequate Segregation of Duties

No Response is considered necessary.

Finding #2017-2 C:
Uninsured/Uncollateralized Bank Deposits

The Library will monitor deposits to ensure that any deposits in excess of FDIC insurance are collateralized by pledged securities.

ALLEN PARISH LIBRARY
Oberlin, Louisiana
Summary Schedule of Prior Year Audit Findings
Year Ended December 31, 2017

Finding #2016-001 I/C:

Segregation of Duties

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

Finding #2016-002 I/C:

Staff Member with Adequate Skill, Knowledge, and Experience

The Library did not have a staff member with adequate skill, knowledge, and experience to oversee the application of generally accepted accounting principles in recording the Library's transactions or preparing its financial statements, including the related notes.

Finding #2016-003 I/C:

Controls over Credit Cards

The Library did not have adequate controls over the use of credit cards and the recording of credit card transactions. The Library also did not have formal written policies and procedures covering the use of credit cards.

Finding #2016-004 I/C:

Controls over Preparation and Review of Bank Reconciliations

The Library did not have adequate controls over the preparation and review of bank reconciliations. There was a failure to properly record credit card transactions and operating cash was understated by approximately \$46,000 that was not identified through normal review procedures.

Finding #2016-005 C:

Local Governmental Budget Act Compliance

LSA-RS 39:1307(B) requires notice of the public hearing to discuss proposed budgets to be published at least 10 days prior to the public hearing and may be published in the same advertisements as the availability of the proposed budget. The Library did not advertise the notice of public hearing on the amended budget for 2016 within the prescribed time.

Finding #2016-006 C:

Delinquent Payroll Taxes

The Library incurred payroll tax penalty and interest charges for the late payment of federal withholding taxes during the 3rd Quarter of 2015.

Finding #2016-007 C:

Local Governmental Budget Act Compliance

LSA-RS 39:1311(A)(1) & (2) requires the amendment of the budgeted expenditures when they are exceeded by actual expenditures by 5% or more. In 2016, the actual expenditures were 20% higher than budgeted expenditures.

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Control
Allen Parish Library
Oberlin, Louisiana 70655

June 12, 2018

We have performed the procedures enumerated below, which were agreed to by management of the Allen Parish Library (Library) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through 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 attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the Library's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions as applicable:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
The written policies address the procedures for preparation, adopting, monitoring, and amending the budget without exception.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

The purchasing policy does address how purchases are initiated. The purchasing policy does not address the preparation and approval process of purchase requisitions and purchase orders and no purchase order system is in place (Exception). The purchasing policy does provide controls to ensure compliance with the public bid law without exception. The purchasing policy does address the documentation required to be maintained for all bids and price quotes without exception.

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

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

- d) ***Receipts***, including receiving, recording, and preparing deposits.

The written policies address the procedures for receiving, recording, and preparing deposits without exception.

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

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

- f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

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

- g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.

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

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

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

- j) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the Library's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

The written policies do not address the prohibitions as defined in Louisiana Revised Statute 42:111-1121, actions to be taken if ethics violation takes place (Exception), and the requirement that all employees, including elected officials annually attest through signature verification that they have read the Library's ethics policy. The written policies address the procedure for documenting the system to monitor possible ethics violations without exception.

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

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

Board (or Finance Committee, if applicable)

2. Obtain and review the board 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.

The minutes reflected that the managing board met bi-monthly in accordance with Article 1 of the Board of Control bylaws.

- 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 Library's prior audit (GAAP-basis).

Monthly budget-to-actual comparisons were not referenced or included in the minutes (Exception).

- 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.

N/A

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

The board approved contracts to purchase in the February and December meetings.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

The listing was provided by management without exception.

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 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* 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;

All bank accounts were reconciled on a timely basis without exception.

- 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 *All bank reconciliations were accompanied with documentation of review by the Director, who has no involvement in transactions, without exception.*

- 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.

There were no outstanding checks greater than six months old at the end of the fiscal period.

Collections

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

Management provided the list of collection locations without exception.

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). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* 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.

None of the employees responsible for collecting cash were bonded (Exception). None of the employees that are responsible for collecting cash are also making deposits, recording transactions, or reconciling bank accounts. Employees do share cash drawers with other employees throughout the day (Exception). However, only nominal amounts of cash are collected on a daily basis.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the Library 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.

Branch managers reconcile the cash drawers for each branch. The Director reconciles the branches against reports provided by the branch managers. The business manager, who is not responsible for cash collections, reconciles them to the general ledger without exception.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- 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.

Deposits are made on a monthly basis with the exception of checks received in the mail (Exception). The Library received its highest dollar week of collections the week that an ad valorem check was received on January 23, 2017 (the week of January 22nd through January 28th) and it was deposited that day. The rest of the collections that week were deposited on January 31 resulting in collections from each location being deposited between 2 days to 7 days after receipt.

- 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.

Documentation of weekly cash collections and documentation of funds received in the mail were provided without exception.

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.

The Library provided written documentation of the process specifically defined and ensuring completeness of all collections, including electronic transfers, by revenue source that is monitored by a person who is not responsible for collections.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

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

The listing was provided by management without exception.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the Library 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.

There was no requisition/purchase order system being utilized that separates initiation from approval functions in the same manner as a requisition/purchase order system (Exception).

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

None of the transactions tested were supported by documentation that the transactions were approved by a person who did not initiate a purchase (Exception).

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; (2) a receiving report showing receipt of goods purchased, or electronic equivalent; and (3) an approved invoice.

Since no purchase order system was being utilized, some disbursements were processed without an approved requisition and/or purchase order being compared to a receiving report and then to an approved invoice (Exception).

10. Using Library's 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.

The Business manager processes payments and is also responsible for adding vendors to the Library's purchasing/disbursement system (Exception).

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.

The Director has signatory authority and is also responsible for authorizing and initiating transactions (Exception).

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.

The checks are kept with the business manager in a locked cabinet in her office and she does have signatory authority (Exception). Since the checks are required to have two signatures and the Director and a board member are the only other people who have signatory authority, there is a compensation control in effect.

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.

The Library does not use a signature stamp. Checks are kept at the Library's main office in the business manager's possession and she does have signature authority. The written policies are silent as to who will handle signed checks and then bring them to the mail (Exception).

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.

The listing was provided by management without exception.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the Library has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

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.

[Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

All tested transactions were reviewed and approved, in writing, by someone other than the authorized card holder with the exception of three missing invoices. They were replaced by the associated vendors that did not have the original documentation of review and approval in writing (Exception).

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

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

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased).

All of the transactions tested were supported by original itemized receipts except for those noted in 15(a) above (Exception).

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

All of the transactions tested were supported by documentation of business purposes except meals. The GSA standard mileage rate for 2017 were \$0.535 per mile and the Library reimbursement rate was \$0.54 per mile in most transactions during 2017 (Exception).

Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

N/A

- 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.

All of transactions tested appeared to be in accordance with the purchasing/disbursement policies/and the Louisiana Public Bid Law without exception.

- 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.

All of the transactions tested appeared to be supported by documentation of the business/public purpose and not in violation of the requirements of Article 7, Section 14 of the Louisiana Constitution.

Travel and Expense Reimbursement

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.

The listing was provided by management without exception.

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.

The written policies provide that meal allowances are reimbursed at \$120 per day (plus official meal functions at conference/workshop). The GSA rates for Louisiana are \$51 per day for locations without specific rates and up to \$64 dollars per day in higher cost locations (Exception). The written policies state that mileage rates will be paid at "the currently approved rate per mile approved by the Allen Parish Libraries Board of Trustees." There was no reference in the policy indicating the actual rate to be paid (Exception). The GSA standard mileage rate for 2017 were \$0.535 per mile and the Library reimbursement rate was \$0.54 per mile in most transactions during 2017 (Exception).

19. Using the listing or general ledger from #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 (#18 above) and report each reimbursement that exceeded those rates.

The Library does have written policies that indicate a rate to be approved by the board, but not the actual amount approved by the board. The Library continued to utilize the 2016 rate (\$0.54/mile) during 2017 (Exception).

- b) Report whether each expense is supported by:

- 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.]

Each expense was supported either by a receipt or a report utilizing an established per diem amount without exception.

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

All of the transactions tested were supported by documentation of the business/public purpose with the exception of meals. Meal reimbursements did not generally indicate the individual participating (Exception).

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

N/A

- 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.

All of the transactions tested appeared to be supported by documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution.

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

All of the transactions tested were not supported by documentation of review and approval, in writing, by someone other than the person receiving reimbursement (Exception).

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.

The listing was provided by management without exception.

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 practitioner). 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.

Written contracts were obtained for four of the five largest contracts that supported the actual amount paid without exception. The other contract was for electric utility services that was not supported by a formal/written contract (Exception).

- 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:

- 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)

One of the contracts was subject to the Louisiana Public Bid Law and the Library complied with all legal requirements.

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

With regard to the four remaining contracts, there was one where the Library solicited quotes and complied with the Louisiana Public Bid Law and the other three were for services where the Library did not solicit quotes as a best practice.

- 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.

One contract for health insurance on the Library's employees was amended during the year. The increase is based on the various ages of the employees and was a normal annual increase by the provider.

- 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.

In all of the transactions tested the supporting invoices and related payments were in agreement with the amount of the contract terms and conditions.

- 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).

Documentation provided reflected approval by the council of two of the contracts out of the five tested (Exception).

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. Randomly select five employees/officials, obtain their personnel files, and:

The listing was provided by management without exception.

- 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.

Payments made in strict accordance with the terms and conditions of the pay rate structure.

- 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.

Pay increases of 3% were approved by the board during a meeting held on April 27, 2017 and taken into effect as of pay period ending 5/28/2017. The pay raises were approved in writing and were paid in accordance with written policy without exception.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the Library 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). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

All selected employees documented their daily attendance and leave without exception.

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

The Library provided written documentation that attendance and leave records on employees selected with leave payroll were approved by the Director without exception.

- 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.

The business manager maintained written documentation of hours earned, hours used, and balance available for the selected employees without exception.

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.

The listing was provided by management without exception. The two largest termination payments were made in strict accordance with policy approved by management without exception.

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.

All payroll taxes and retirement payments along with required reporting forms were timely submitted and paid.

Ethics

26. Using the five randomly selected employees/officials from procedure #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.

The Library provided documentation that all employees selected completed the required ethics training and documentation without exception.

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.

The board was not notified of any alleged or actual ethics violations during the fiscal period.

Debt Service

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

No debt was issued during the fiscal period.

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.

The Library is not legally liable to make scheduled debt payments on a bond issued by the Allen Parish Police Jury. However, they have pledged to make payments to the Allen Parish Police Jury to fund that liability. The

scheduled debt service payments were made timely by the Library to the Allen Parish Police Jury without exception.

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.

The Library did not have tax millages related to debt service payments.

Other

31. Inquire of management whether the Library 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 district attorney of the parish in which the Library is domiciled.

Management informed us that the Library did not have any misappropriation of public funds or assets during the fiscal year.

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.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

The Library did not have the required notice posted in a conspicuous place upon its premises or on its website. (Exception).

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

The practitioner did not observe or otherwise identify any exceptions regarding management's representations in the procedures above.

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

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

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