

Shreve Memorial Library
A Component Unit of the City of Shreveport

FINANCIAL STATEMENTS

December 31, 2017



CRI CARR
RIGGS &
INGRAM

CPAs and Advisors

CRIcpa.com

Shreve Memorial Library
Table of Contents
December 31, 2017

Page(s)	
	Required Supplemental Information
1 – 5	Management’s Discussion and Analysis (unaudited)
	Basic Financial Statements
6	Statement of Net Position
7	Statement of Activities
	Fund Financial Statements
8	Balance Sheet - Governmental Funds
9	Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
10	Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds
11	Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities
12 – 27	Notes to the Financial Statements
	Required Supplementary Information
28	General Fund Budgetary Comparison Schedule
29	Schedule of the Library’s Proportionate Share of the Net Pension Liability
30	Schedule of Library’s Contributions to the Pension Plan
31	Schedule of Funding Progress for Other Post-Employment Benefit Plan
	Other Supplemental Information
32	Schedule of Compensation, Reimbursements, Benefits and Other Payments to Agency Head
33	Schedule of Findings and Questioned Costs
	Independent Auditors’ Reports
34 – 36	Independent Auditors’ Report
37 – 38	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 <i>Government Auditing Standards</i>

Required Supplemental Information

Management's Discussion and Analysis (unaudited)

Shreve Memorial Library Management's Discussion and Analysis (unaudited)

This section of the Shreve Memorial Library ("Library") annual financial report presents our discussion and analysis of the Library's financial performance during the fiscal year that ended on December 31, 2017. Please read it in conjunction with the Library's financial statements, which follow this section.

Financial Highlights

The following exhibits some of the more important highlights of the financial results for the government-wide financial statements for the year ended December 31, 2017:

- The assets of the Library exceeded its liabilities at the close of the fiscal year by \$15,159,926 (net position);
- The Library's total net position from governmental activities decreased \$(3,569,020) from the beginning of the fiscal year as a result of operations during the year;
- The cost of operating the programs of the Library was \$19,891,597;
- The General Fund reported unassigned fund balance of \$22,184,953.

Overview of the Financial Statements

This Management's Discussion and Analysis ("MD&A") is intended to serve as an introduction to the Library's basic financial statements. The Library's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Library's finances, in a manner similar to a private sector business.

The statement of net position presents all of the Library's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Net position represents the difference between all elements in a statement of financial position and is displayed in three components: net investment in capital assets, restricted, and unrestricted. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Library is improving or deteriorating.

The statement of activities presents information showing how the Library's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The statement of net position and the statement of activities distinguish functions of the Library that are principally supported by taxes, intergovernmental revenues, and charges for services (governmental activities) from other functions that are intended to recover all or a significant portion

Shreve Memorial Library Management's Discussion and Analysis (unaudited)

of their costs through user fees and charges. The Library's governmental activities include cultural and recreation. The Library did not report any business-type activities for the current fiscal year.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Library, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The Library only has governmental funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements; however, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the fiscal year. Such information may be useful in evaluating the Library's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Library's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Library adopts an annual budget for its General Fund. A budgetary comparison schedule has been provided to demonstrate compliance with the budget.

Notes to basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information related to the budget, pension, and other post-employment benefits.

Financial Analysis of Government-Wide Activities

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Library, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$15,159,926 at the close of the fiscal year.

The largest portion of the Library's net position totaling approximately \$33.5 million reflects its investment in capital assets. The Library uses these capital assets to provide library services to citizens.

Shreve Memorial Library Management's Discussion and Analysis (unaudited)

Net Position

The Library's net position at December 31, 2017 and 2016, is shown in the following table.

December 31,	Governmental activities	
	2017	2016
Current and other assets	\$ 22,848,937	\$ 22,138,144
Capital assets, net	33,544,168	34,152,400
Total assets	56,393,105	56,290,544
Deferred outflows of resources	792,307	642,674
Current and other liabilities	767,918	567,868
Long-term liabilities	39,737,121	37,374,947
Total liabilities	40,505,039	37,942,815
Deferred inflows of resources	1,520,447	261,457
Net position:		
Net investment in capital assets	33,544,168	34,152,400
Unrestricted	(18,384,242)	(15,423,454)
Total net position	\$ 15,159,926	\$ 18,728,946

Changes in Net Position

The following condensed government-wide governmental activity statement illustrates the major changes in operations for the Library in 2017 as compared to 2016:

For the Year Ended December 31,	2017	2016	Increase (Decrease)	Percent Change
Revenue	\$ 16,322,577	\$ 16,655,390	\$ (332,813)	-2.00%
Expenses	19,891,597	19,033,639	857,958	4.51%
Change in net position	\$ (3,569,020)	\$ (2,378,249)	\$ (1,190,771)	

Shreve Memorial Library Management's Discussion and Analysis (unaudited)

Governmental Activities

The Library's total governmental revenue decreased from 2016 by \$7,166 or 0.04% (percent), while expenses increased by \$403,441 or 2.62% (percent), as compared to 2016.

For the Year Ended December 31,	2017	2016	Increase (Decrease)	Percent Change
Revenue				
Taxes	\$ 15,453,149	\$ 15,114,487	\$ 338,662	
Intergovernmental revenues	676,090	938,096	(262,006)	
Other	340,279	424,101	(83,822)	
Total revenues	16,469,518	16,476,684	(7,166)	-0.04%
Expenses				
Personnel services	9,966,189	9,828,391	137,798	
Other operating expenses	4,766,770	4,414,250	352,520	
Primary government reimbursements	654,900	651,550	3,350	
Capital outlay	397,340	487,567	(90,227)	
Total expenses	15,785,199	15,381,758	403,441	2.62%
Excess of revenues over expenses	\$ 684,319	\$ 1,094,926	\$ (410,607)	

Ad valorem taxes increased significantly as a result of higher millages and property tax assessments and collection of delinquent taxes. Intergovernmental revenues decreased because of the conclusion of a capital project in the prior year that was being reimbursed. Personnel service expenses increased due to increases in salaries, retirement and insurance expenses. Other operating expenses increased because of a significant maintenance project in the current year.

Financial Analysis of the Library's Funds

At the end of 2017, the Library's governmental funds reported a fund balance of \$22,301,659, which increased a total of \$684,319 from prior year fund balance of \$21,617,340. The prior year operations showed an increase in fund balance of \$1,094,926.

Budgetary Highlights

The Library has prepared and published budgets that cover its governmental activities. Included in this financial report are comparison schedules that illustrate the actual results compared to the original and revised budgets.

Capital Assets

The Library's investment in capital assets for its governmental activities as of December 31, 2017, totaled \$33,544,168 (net of accumulated depreciation). This investment includes land and improvements, building and building improvements, equipment, and library materials.

Shreve Memorial Library Management's Discussion and Analysis (unaudited)

Other Post-Employment Benefits

The Library's Annual Required Contribution ("ARC") is an allocated amount that was actuarially determined in accordance with GASB Codification Section P50 for the City of Shreveport. The Library's estimated total ARC for the fiscal year ending December 31, 2017, is \$2,146,285 for medical, dental and life combined. For the fiscal year ending December 31, 2017, the Library recorded a liability for Other Post-employment Benefits ("OPEB") of \$14,729,630.

Deferred Outflows and Inflows of Resources

Deferred outflows of resources, although similar to "assets," are set apart because these items do not meet the technical definition of being assets of the Library on the date of these financial statements. In other words, these amounts are not available to pay liabilities in the way assets are available. When all the recognition criteria are met, the deferred outflow of resources will become an expense/expenditure. The majority of the deferred outflows of resources reported are comprised of current year contributions to the retirement system. However, there may be some deferred outflows of resources attributable to the various components that impact pension changes, and can include investment changes amortization, changes due to actuarial assumptions, and differences between expected or actual experience.

Deferred inflows of resources are the counterpart to deferred outflows of resources on the Statement of Net Position. Deferred inflows of resources are not technically liabilities of the Library as of the date of the financial statements. When all the recognition criteria are met, the deferred inflow of resources will become revenue or an increase to net position. Deferred inflows of resources reported represent a net amount attributable to the various components that impact pension changes, and can include investment changes amortization, changes due to actuarial assumptions, and differences between expected or actual experience.

Economic Factors

The Library does not anticipate any significant changes in its 2018 operations as compared to 2017's operations.

Contacting the Library's Financial Management

This financial report is designed to provide the citizens, taxpayers, and creditors with a general overview of the Library's finances and to demonstrate the Library's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jim Pelton, Chief Budget Officer, at 318-226-5870.

Basic Financial Statements

**Shreve Memorial Library
Statement of Net Position**

December 31,	2017
Assets	
Cash and cash equivalents	\$ 7,771,186
Ad valorem tax receivable	14,588,226
Due from other governments	372,819
Other assets	116,706
Capital assets, net of accumulated depreciation	33,544,168
Total assets	56,393,105
Deferred outflows of resources	
Deferred outflows related to pensions	792,307
Liabilities	
Accounts payable	209,372
Accrued expenses	216,393
Noncurrent liabilities	
Due within one year	
Accrued compensated absences	342,153
Due in more than one year	
Net pension liability	25,007,491
Net other post-employment benefit obligation	14,729,630
Total liabilities	40,505,039
Deferred inflows of resources	
Deferred inflows related to pensions	1,520,447
Net position	
Invested in capital assets	33,544,168
Unrestricted	(18,384,242)
Total net position	\$ 15,159,926

The accompanying notes are integral part of the financial statements.

Shreve Memorial Library Statement of Activities

For the Year Ended December 31, 2017

		<u>Program Revenues</u>	
	Expenses	Charges for services	Net (expense) revenue and changes in net position
Functions/programs			
Governmental activities			
Culture and recreation	\$ 19,891,597	\$ 330,784	\$ (19,560,813)
Total governmental activities	\$ 19,891,597	\$ 330,784	(19,560,813)
General revenues			
Property taxes levied for:			
Culture and recreation			15,306,208
State revenue sharing			372,819
On-behalf payments for retiree premiums			303,271
Interest and investment earnings			9,495
Total general revenues			15,991,793
Change in net position			(3,569,020)
Net position, January 1, 2017			18,728,946
Net position, December 31, 2017			\$ 15,159,926

The accompanying notes are integral part of the financial statements.

Fund Financial Statements

**Shreve Memorial Library
Balance Sheet - Governmental Funds**

December 31,	2017
Assets	
Cash and cash equivalents	\$ 7,771,186
Ad valorem tax receivable	14,588,226
Due from other governments	372,819
Other assets	116,706
Total assets	\$ 22,848,937
 Liabilities, deferred inflows and fund balances	
Liabilities	
Accounts payable	\$ 209,372
Accrued expenses	216,393
Total liabilities	425,765
 Deferred inflows of resources	
Unavailable revenue - property taxes	121,513
Total deferred inflows	121,513
 Fund balances	
Nonspendable - prepaid expenses	116,706
Unassigned	22,184,953
Total fund balances	22,301,659
Total liabilities, deferred inflows and fund balances	\$ 22,848,937

The accompanying notes are integral part of the financial statements.

Shreve Memorial Library
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position

December 31,	2017
Fund balances - total governmental funds	\$ 22,301,659
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p>	
Governmental capital assets	62,739,014
Less accumulated depreciation	(29,194,846)
	33,544,168
<p>Some of the Library's property taxes were collected more than sixty days after year-end and, therefore, are not available soon enough to pay for current-period expenditures.</p>	
	121,513
Deferred outflows of resources reported in the Statement of Net Position	792,307
Deferred inflows of resources reported in the Statement of Net Position	(1,520,447)
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p>	
Compensated absences	(342,153)
Net other post employment benefit obligation	(14,729,630)
Net pension liability	(25,007,491)
	(40,079,274)
Net position of governmental activities	\$ 15,159,926

The accompanying notes are integral part of the financial statements.

Shreve Memorial Library
Statement of Revenues, Expenditures and Changes in
Fund Balances – Governmental Funds

For the Year Ended December 31,	2017
Revenue	
Taxes	\$ 15,453,149
Intergovernmental revenues	
City of Shreveport - on-behalf OPEB payments	303,271
State of Louisiana - state revenue sharing	372,819
Interest and Investment earnings	9,495
Other revenues	330,784
Total revenue	
	16,469,518
 Expenditures	
Current operating	
Personnel	9,966,189
Other operating expenses	4,766,770
Debt service reimbursements to Caddo Parish Commission	654,900
Capital outlay	397,340
Total expenditures	
	15,785,199
Net change in fund balance	684,319
Fund balance at beginning of year	21,617,340
Fund balance at end of year	
	\$ 22,301,659

The accompanying notes are integral part of the financial statements.

Shreve Memorial Library

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

For the Year Ended December 31,		2017
Net change in fund balances - total governmental funds	\$	684,319

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	1,146,971	
Depreciation expense	(1,755,203)	(608,232)

Revenues reported in the statement of activities are not reported in governmental funds, because they do not provide current financial resources. This adjustment is to recognize the net change in unavailable revenues for property taxes and special assessments. (146,941)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Increase in compensated absences	(26,635)	
Increase in net other post employment benefit obligation	(995,123)	
Increase in net pension liability	(1,367,051)	(2,388,809)

Change in deferred outflows of resources	149,633
--	---------

Change in deferred inflows of resources	(1,258,990)
---	-------------

Change in net position of governmental activities	\$ (3,569,020)
---	----------------

Shreve Memorial Library Notes to the Financial Statements

Introduction

The Shreve Memorial Library (the “Library”) was established in compliance with the provisions of Louisiana Revised Statute 25:211 as a joint city-parish public library.

Under the City of Shreveport’s City Charter Section 8.05, the Library is under control of a Board of Trustees, which shall have all of the powers and duties conferred on boards of control of joint city-parish public libraries by the laws of the state. The Board of Trustees shall consist of the mayor, ex officio, and five (5) qualified electors of the city appointed one each year by the mayor and confirmed by the City Council for terms of five (5) years from and after the expiration of the terms of their predecessors, and the president of the Caddo Parish Commission, ex officio, and three (3) qualified electors of the parish appointed by the Caddo Parish Commission to sit with the Board of Trustees and to participate in its deliberations and decisions, thereby having a total of eight (8) appointed members. Any vacancy of a city-appointed member shall be filled by appointment by the mayor, confirmed by the City Council, for the unexpired portion of the term. If the joint city-parish public library system shall cease for any reason, then the City Council shall provide for the operation of a city public library, by ordinance, in accordance with the system provided for herein.

Note 1 Summary of Significant Accounting Policies

This financial report has been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments*, issued in June 1999. Component units are required to initially adopt GASB Statement No. 34 for the same reporting period as the primary government. The Library’s primary government, the City of Shreveport, has adopted the provisions of GASB 34.

A. Basis of Presentation

The accompanying basic financial statements of the Library have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”), as applied to governmental units.

B. Reporting Entity

The Shreve Memorial Library, a parish-wide system, was created by an agreement between the City of Shreveport (the “City”) and Caddo Parish Commission (the “Commission” or “Parish”) and established as a joint city-parish public library. Prior to 2015, Shreve Memorial Library was included in the Caddo Parish Commission’s audited financial statements as a special revenue fund. Both the City of Shreveport and Caddo Parish Commission provide support to the library; however, the City appoints the majority of the Board members and indirectly controls the financial operations of the Library. The City provides the accounting, payroll, purchasing, cash management, and some legal services (contract review) to support the Library’s infrastructure and operations. The City of Shreveport, as a primary government, evaluated the Library as a potential component unit and determined that the Library’s financial statements should be included with the City’s financial statements as a discretely presented component unit.



Shreve Memorial Library Notes to the Financial Statements

The accompanying basic financial statements present information only on the funds maintained by the Library and do not present information on the City of Shreveport, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (“GWFS”) include the Statement of Net Position and the Statement of Activities. These statements report information on all of the governmental activities of the Library.

The Statement of Net Position presents information on all of the Library’s assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Library is improving or deteriorating.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Depreciation expense is identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The Library organizes its accounts on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures. The Library uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

D. Measurement Focus and Basis of Accounting

The GWFS are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Governmental fund financial statements (FFS) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Library considers revenues to be available if they are collected within 60 days of



Shreve Memorial Library Notes to the Financial Statements

the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences, are recorded only when payment is due.

Ad valorem taxes are considered “measurable” at the time of levy. Substantially all other non-intergovernmental revenues are susceptible to accrual and are recognized when earned or the underlying transaction occurs.

The accounts of the Library are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures.

Funds of the Library are classified as governmental funds. Governmental funds account for all of the Library's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between the governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources, which may be used to finance future period programs or operations.

The Library's one governmental fund is the 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.

E. Budgetary Practices

Budgets are adopted on a modified accrual basis, which is consistent with U.S. generally accepted accounting principles. Annual appropriated budgets are adopted for the general fund. All annual appropriates lapse at fiscal year end.

The proposed budgets for the calendar year 2017 were adopted on December 8, 2016.

The Louisiana Local Government Budget Act provides that "the total of proposed expenditures shall not exceed the total of estimated funds available for the ensuing year." The "total estimated funds available" is the sum of the estimated fund balance at the beginning of the year and the anticipated revenues for the current year.

Through the budget, the Library allocates its resources and establishes its priorities. The annual budget assures the efficient and effective use of the Library's economic resources. It establishes the foundation of effective financial planning by providing resource planning, performance measures and controls that permit the evaluation and adjustment of the Library's performance.

The budget is structured such that revenues are budgeted by source and appropriations are budgeted by principal type of expenditure. Expenditures may not legally exceed appropriations at the fund level.

Shreve Memorial Library Notes to the Financial Statements

Appropriations that are not expended lapse at year end. The Library may revise or amend the budget at their discretion.

F. Cash, Cash Equivalents, and Investments

Cash and cash equivalents include amounts in demand deposits, interest bearing demand deposits, and savings deposits. Cash equivalents include short term, highly liquid investments with original maturities of 90 days or less when purchased. Under state law, the Library may deposit funds in demand deposits or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Investments are limited by R.S. 33:2955 and the City of Shreveport's investment policy. If the original maturities of investments exceed ninety (90) days, they are classified as investments; however, if the original maturities are ninety (90) days or less, they are classified as cash equivalents.

G. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Uncollectible amounts are recognized as bad debts through the establishment of an allowance account at the time information becomes available, which would indicate the uncollectibility of the receivable.

H. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the GWFS. Capital assets are recorded at historical cost or estimated historical cost for assets where actual historical cost is not available and depreciated over their estimated useful lives. Donated capital assets are recorded at their estimated fair value at the date of donation. The Library maintains a threshold level for capitalization of capital assets except land. All land is capitalized, regardless of the amount. All other capital assets are capitalized utilizing a threshold of \$2,500 for land improvements, buildings and building improvements, furniture, equipment, vehicles, and construction in progress. 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.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Capital assets have not been assigned a salvage value because management feels that the salvage value is immaterial. Straight-line depreciation is calculated based on the following estimated useful lives:

Books and Periodicals	5-7 years
Equipment	3-20 years
Buildings	10-50 years
Improvements	10-50 years

Shreve Memorial Library Notes to the Financial Statements

I. Vacation and Sick Leave

Full-time Shreve Memorial Library employees may earn 12 up to 22 days of vacation leave annually depending on length of service, and 15 days of sick leave annually. Employees may carry over a maximum of 44 days of vacation leave at the start of each year; any balance over this maximum is forfeited. Sick leave can be accrued without limit. Employees resigning or retiring from the library are paid for their accrued vacation leave. For employees resigning, accumulated sick leave is canceled upon termination. For employees retiring, sick leave of 175 hours or more is converted to years of service with 2080 hours equal to one year of service.

In the FFS, the matured liability for compensated absences, which includes salary and salary-related payments, is reported in the fund. The total liability is reported in the GWFS. Accrued sick leave benefits are not accrued due to the Library's policy of not paying benefits upon termination. No accrual is made in the governmental funds because the liability is not matured.

J. Pension Plan

The Library participates in a pension plan that is administered by the City of Shreveport. This plan covers all full-time employees. Approximately 33% of the Library's employees are full-time and approximately 67% of the Library's employees are part-time. Some part-time employees are eligible and have elected to participate in the pension plan. Most part-time Library employees participate in the Social Security System.

K. Use of Estimates

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

L. Net Position Classifications

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

- Invested in capital assets – Consists of capital assets, net of accumulated depreciation.
- Unrestricted net position – Consists of all other components of net position that do not meet the definition of "restricted" or "invested in capital assets".

The Library applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

M. Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Library is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent.

Shreve Memorial Library Notes to the Financial Statements

In the fund financial statements, governmental fund balance is presented in five possible categories:

Nonspendable - resources, which cannot be spent because they are either (a) not in spendable form (such as prepaid items) or; (b) legally or contractually, required to be maintained intact.

Restricted - resources with constraints placed on their use that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - resources which are subject to limitations or constraints to specific purposes the government imposes upon itself at its highest level of decision making (the Library Board). These amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Assigned - resources neither restricted nor committed for which the Library Board has a stated intended use.

Unassigned - resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount.

The Library would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

N. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

O. Adoption of New Financial Standards

The Library adopted GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73*, during the current fiscal year ended December 31, 2017. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification

Shreve Memorial Library Notes to the Financial Statements

of payments made by employers to satisfy employee (plan member) contribution requirements. The Library's financial statements and note disclosures reflect any required changes.

P. Future Pronouncements

In March 2017, the GASB issued GASB Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of this Statement are effective for the year ending December 31, 2018 and the Library is currently assessing their impact.

Note 2 Cash and Cash Equivalents

The Library's cash is held in the City of Shreveport's consolidated cash management pool. The Library's portion of the consolidated cash pool is displayed on the Statement of Net Position as "Cash and cash equivalents". At December 31, 2017, the Library had cash and cash equivalents (book balances) totaling \$7,769,986 in the City of Shreveport's cash pool.

Cash and cash equivalents are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or pledge of qualifying securities owned by the bank. The market value of the qualifying pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. At December 31, 2017, deposit balances (bank balances) are fully secured by federal deposit insurance and qualified pledged securities. Information on the aggregate deposits of the City of Shreveport and how they are secured is available in the financial statements of the City of Shreveport.

Note 3 Ad Valorem Taxes

Ad valorem taxes represent a major source of funding for the Library. Louisiana statutes provide that parish governments may, with voter authorization, levy special property tax millages up to ten mils for any purpose legally within their scope of jurisdiction. This means that, by law, Caddo Parish can only use the revenue derived from the millages for specified purposes as decided by the voters of Caddo Parish. Two of these special millages are legally dedicated to the Shreve Memorial Library.

The distribution of the levy (tax rate per \$1,000 assessed value) to the Shreve Memorial Library was as follows for 2017:

Fund	Property within Shreveport and Vivian	Property outside Shreveport and Vivian
Shreve Memorial Library	8.79%	8.79%

Shreve Memorial Library Notes to the Financial Statements

Ad valorem taxes are levied on property values assessed by the Caddo Parish Tax Assessor and approved by the State of Louisiana Tax Commission. The Caddo Parish Sheriff's Office bills and collects property taxes on behalf of the Library. The following is the property tax calendar:

Property tax calendar

Assessment date	January 1
Levy date	Not later than June 1
Tax bills mailed	On or about November 25
Total taxes are due	December 31
Penalties and interest are added	January 1
Lien date	January 1
Tax sale - 2017 delinquent property	On or about May 15, 2018

Property taxes are recorded as receivables and revenues in the year assessed, net of an estimated allowance for uncollectible accounts of \$412,521. Property taxes totaling \$121,513 not collected within 60 days have been deferred in the fund financial statements.

Note 4 Capital Assets

A summary of changes in capital assets is as follows:

	Balance December 31, 2016	Additions	Reductions	Balance December 31, 2017
Governmental activities:				
Capital assets not being depreciated:				
Land and land improvements	\$ 5,261,444	\$ -	\$ -	\$ 5,261,444
Total capital assets not being depreciated	5,261,444	-	-	5,261,444
Capital assets being depreciated:				
Buildings and structures	33,875,750	-	-	33,875,750
Improvements	284,995	-	-	284,995
Equipment and books	22,439,362	1,146,971	269,508	23,316,825
Total capital assets being depreciated	56,600,107	1,146,971	269,508	57,477,570
Less accumulated depreciation for:				
Buildings and structures	(9,333,058)	(673,780)	-	(10,006,838)
Improvements	(222,049)	(5,319)	-	(227,368)
Equipment and books	(18,154,044)	(1,076,104)	(269,508)	(18,960,640)
Total accumulated depreciation	(27,709,151)	(1,755,203)	(269,508)	(29,194,846)
Total capital assets being depreciated, net	28,890,956	(608,232)	-	28,282,724
Capital assets, net	\$ 34,152,400	\$ (608,232)	\$ -	\$ 33,544,168

Shreve Memorial Library Notes to the Financial Statements

Note 5 Related Party Transactions and On-behalf Payments

All of the Library's expenses are paid out of the City of Shreveport's operating account and then money is transferred periodically from the Library's bank account to reimburse the account. The City provides accounting software and services for the Library. The services include processing payroll, issuing bids, legal services, and cash and investment management. The estimated value of the services cannot be determined and are not reflected in the Library's financial statements.

The City of Shreveport pays the retiree premiums for other post-employment benefits. For the year ended December 31, 2017, on-behalf payments of \$303,271 have been recorded in the accompanying financial statements, in accordance with Governmental Accounting Standards Board Statement 24, as intergovernmental revenues and expenditures.

In 2012, the Caddo Parish Commission (the "Commission") issued \$6,000,000 of certificates of indebtedness to fund various capital improvements to the Shreve Memorial Library. The Library reimbursed the Caddo Parish Commission for the principal and interest associated with this Certificate of Indebtedness. Total payments made in 2017 to reimburse the Commission for principal and interest equaled \$654,900.

Note 6 Accrued Compensated Absences

The following accrued compensated absences of the Library is recorded as a current liability.

Balance, January 1, 2017	\$	315,518
Additions for earned compensated absences		383,242
Less use of accrued amounts		(356,607)
Balance, December 31, 2017		342,153
Less portion due within one year		(342,153)
Long-term portion	\$	-

Note 7 Pension Plan

Employees' Retirement System (ERS)

All full-time employees and some part-time employees of the Shreve Memorial Library are members of a cost-sharing multiple-employer defined benefit plan, which is administered by the City of Shreveport (the "City"). Enrollment is mandatory for full-time, permanent employees. The City issues a publicly available financial report that includes financial statements and required supplementary information of the City Plan. That report may be obtained by writing the City of Shreveport, P.O. Box 31109, Shreveport, LA, 71130.

Shreve Memorial Library Notes to the Financial Statements

Disclosures relating to this plan are as follows:

Plan Description - The ERS is a cost-sharing multiple-employer defined benefit pension plan that covers all full-time classified employees of the City, other than policemen and firemen, and is administered by the City.

Non-City employees employed by the following organizations may become members in the system: Shreve Memorial Library, Caddo-Shreveport Sales and Use Tax Commission and other non-City employees recommended by the Board of Trustees and approved by the City Council. Appointed officials of the City and the Mayor have the option to join by filing an application within 90 days after taking office. However, by joining the retirement system, they may not participate in the deferred compensation program for appointed employees.

Eligibility Requirements - Prior to October 1, 1999, to be eligible for regular retirement benefits, members must have 30 years of service regardless of age or be age 65 with 10 years of service, and if hired before January 1, 1979 be 55 years of age with 20 years of service. If hired on or after January 1, 1979, members must be 55 years of age with 25 years of service or age 60 with 20 years of service. As of October 1, 1999, eligibility for regular retirement extends to any member who has 20 years of service at age 55. The difference, before and after a hire of January 1, 1979, was eliminated. Members vest in the system after 15 years of creditable service. Benefit provisions are established and may be amended by City ordinance #2 of 1954, #163 of 1990 and #112 of 1991.

Retirement Benefits - Prior Benefits available to members hired before January 1, 1996, consist of an annuity, which is the actuarial equivalent of the employee's accumulated contributions; plus an annual pension, which together with the annuity, provides a total retirement allowance equal to 3% of average compensation times years of creditable service. Beginning January 1, 1996, the retirement allowance increased to 3 1/3% of average compensation times years of creditable service for 1996 and future years of service. Effective January 1, 2015, the retirement allowance was reduced to 2.75% of average compensation times years of creditable service for 2015 and future years. An early retirement provision has been implemented for any member who has at least 10 years, prior to January 1, 2015, of service and is within 10 years of a member's normal retirement age. The benefit is reduced by 3% per year for each year within five years of the normal retirement date, by 5% for the next earlier year, and by 8% for each additional earlier year. The plan allows members who have met eligibility requirements to defer receipt of benefits for a period of two years with one percent interest.

Funding Policy - Prior to January 1, 2007, plan members were required by City ordinance to contribute 7% of compensation to the Plan. The City or other employers were required by the same ordinance to contribute 11.15% of compensation. Contribution amounts from plan members, the City and other employers may be amended by City ordinance. Effective January 1, 2007, the employees' contributions to the plan were increased to 9% from 7% and the employers' contributions were increased to 13.15% from 11.15%. Effective January 1, 2017, the employees' contribution to the plan was increased from 11% to 11.5% and the employer contribution increased from 20% to 22%.

Shreve Memorial Library Notes to the Financial Statements

Contributions are made from the fund that the employee is paid from or from the organizations noted above. The contribution rate is currently 20.95% of annual covered payroll.

In February 2004, an ordinance was passed which changed the method of computation for cost-of-living increases. The new computation states that effective January 1 of each year, there will be a cost-of-living increase based on the Consumer Price Index (CPI) if certain conditions exist: 1) the CPI has increased a minimum of one percent 2) the funded percentage for the retirement system for the prior year is not under 90 percent 3) the retirement systems overall rate of return on investments for the prior year was equal to or exceeded the actuarial interest rate for funding. The maximum increase is limited to five percent.

Management of the ERS is vested in the board, which consists of seven members – two elected employees who are members of the plan, one elected retiree and one retiree alternate, the Mayor, the City’s Chief Administrative Officer, the City’s Finance Director and one City Council Member.

For the year ended December 31, 2017, the annual money-weighted rate of returns on pension plan investments, net of pensions plan investment expense, was 13.87%. The money weighted rate of return expenses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

At December 31, 2017, the Library reported a liability of \$25,007,491 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of December 31, 2017, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Library’s proportion of the Net Pension Liability was based on a projection of the Library’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2017, the Library’s proportion was 11.52%.

For the year ended December 31, 2017, the Library recognized pension expense of \$3,591,938 less the Library’s contributions of \$1,115,530 in 2017.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 149,757	\$ (1,520,447)
Investment earnings	595,952	-
Changes of assumptions	46,598	-
Total	\$ 792,307	\$ (1,520,447)

Shreve Memorial Library Notes to the Financial Statements

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:		
2018	\$	(60,914)
2019	\$	(25,406)
2020	\$	(360,194)
2021	\$	(281,626)

Actuarial Assumptions:

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

Valuation Date	January 1, 2018																								
Measurement Date	December 31, 2017																								
Actuarial Cost Method	Entry Age Normal																								
Funding Policy (% of Payroll)	<table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="text-align: left;">Effective Date</th> <th>Employer</th> <th>Employee</th> </tr> </thead> <tbody> <tr><td>January 1, 2015</td><td>16.50%</td><td>10.00%</td></tr> <tr><td>January 1, 2016</td><td>20.00%</td><td>11.00%</td></tr> <tr><td>January 1, 2017</td><td>22.00%</td><td>12.00%</td></tr> <tr><td>January 1, 2018</td><td>24.00%</td><td>12.00%</td></tr> <tr><td>January 1, 2019</td><td>26.00%</td><td>12.00%</td></tr> <tr><td>January 1, 2020</td><td>28.00%</td><td>12.00%</td></tr> <tr><td>January 1, 2021</td><td>30.00%</td><td>12.00%</td></tr> </tbody> </table>	Effective Date	Employer	Employee	January 1, 2015	16.50%	10.00%	January 1, 2016	20.00%	11.00%	January 1, 2017	22.00%	12.00%	January 1, 2018	24.00%	12.00%	January 1, 2019	26.00%	12.00%	January 1, 2020	28.00%	12.00%	January 1, 2021	30.00%	12.00%
Effective Date	Employer	Employee																							
January 1, 2015	16.50%	10.00%																							
January 1, 2016	20.00%	11.00%																							
January 1, 2017	22.00%	12.00%																							
January 1, 2018	24.00%	12.00%																							
January 1, 2019	26.00%	12.00%																							
January 1, 2020	28.00%	12.00%																							
January 1, 2021	30.00%	12.00%																							
Investment Rate of Return	7.0%																								
Inflation	2.5%																								
Projected salary increases	<table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr style="background-color: #0056b3; color: white;"> <th>Age</th> <th>Rate</th> </tr> </thead> <tbody> <tr><td>25</td><td>5.77%</td></tr> <tr><td>30</td><td>4.17%</td></tr> <tr><td>35</td><td>3.23%</td></tr> <tr><td>40</td><td>2.83%</td></tr> <tr><td>45</td><td>2.19%</td></tr> <tr><td>50</td><td>1.62%</td></tr> <tr><td>55</td><td>1.40%</td></tr> </tbody> </table>	Age	Rate	25	5.77%	30	4.17%	35	3.23%	40	2.83%	45	2.19%	50	1.62%	55	1.40%								
Age	Rate																								
25	5.77%																								
30	4.17%																								
35	3.23%																								
40	2.83%																								
45	2.19%																								
50	1.62%																								
55	1.40%																								
Cost of Living adjustments	None																								
Mortality rates	Non-annuitants: RP-2000 "Employees" table projected to 2033 using Scale AA; Annuitants: RP-2000 "Healthy Annuitants" projected to 2025 using Scale AA																								

Payables to the ERS Pension Plan - At December 31, 2017, the Library recorded no payable to the pension plan for employee and employer legally required contributions.

Discount rate - The discount rate used to measure the total pension liability was 7% for 2017. The projection of cash flows used to determine the discount rate assumed that contributions from employees and employers will be made at contractually required rates. Based on those assumptions,

Shreve Memorial Library Notes to the Financial Statements

the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The target allocation is a mix of 60% equities and 40% fixed as reflected in the following table:

Asset Class	Index	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
Cash	BAML 3-Mon Tbill	0.00%	0.11%	0.11%
Core Fixed Income	Barclays Aggregate	40.00%	1.75%	1.63%
Core Bonds	Barclays Gvt/Credit	0.00%	1.63%	1.48%
Short-Term Bonds	Barclays 1-3 Yr Gvt/Credit	0.00%	1.18%	1.13%
Intermediate-Term Bonds	Barclays IT Gvt/Credit	0.00%	1.49%	1.40%
Long-Term Bonds	Barclays LT Gvt/Credit	0.00%	2.21%	1.74%
Mortgages	Barclays MBS	0.00%	1.98%	1.89%
High Yield Bonds	BAML High Yield	0.00%	4.26%	3.74%
Non-US Fixed Income	JPM GBI Global xUS	0.00%	-0.01%	-0.53%
Inflation-Indexed Bonds	Barclays US TIPS	0.00%	1.17%	1.05%
Broad US Equities	Russell 3000	60.00%	4.57%	3.32%
Large Cap US Equities	S&P 500	0.00%	4.29%	3.13%
Mid Cap US Equities	Russell Mid Caps	0.00%	4.81%	3.27%
Small Cap US Equities	Russell 2000	0.00%	5.50%	3.62%
Developed Foreign Equities	MSCI EAFE	0.00%	5.50%	3.91%
Emerging Market Equities	MSCI Emerging Markets	0.00%	7.77%	4.59%
Private Equity	Cambridge Associates	0.00%	8.83%	5.08%
Hedge Funds Diversified	HFRI FOF Diversified	0.00%	1.96%	1.66%
Real Estate (Property)	NCREIF Property	0.00%	3.83%	3.13%
Real Estate (REITS)	FTSE NAREIT Equity REIT	0.00%	5.01%	3.27%
Commodities	DJ UBS	0.00%	3.02%	1.42%
Long Credit Bonds	Barclays Long Credit	0.00%	3.00%	2.54%
Assumed Inflation - Mean			2.30%	2.30%
Assumed Inflation - Standard Deviation			1.85%	1.85%
Portfolio Real Mean Return			3.44%	2.95%
Portfolio Nominal Mean Return			5.76%	5.32%
Portfolio Standard Deviation				9.95%
Long-Term Expected Rate of Return (per City of Shreveport)			7.00%	

Proportionate share of the sensitivity of the net pension liability to changes in the discount rate - The following presents the net pension liability calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net pension liability	\$ 30,912,904	\$ 25,007,491	\$ 20,122,997

Shreve Memorial Library Notes to the Financial Statements

Note 8 Other Post-Employment Benefits (OPEB)

Plan Description – In addition to providing pension benefits, the City of Shreveport provides medical, dental, and life insurance coverage through a cost-sharing multiple-employer defined benefit plan that can include non-City employees as described under the Employees’ Retirement System for any retiree who receives a monthly retirement check from one of the City’s retirement plans and their legal dependents. The benefits, employee contributions, and employer contributions are governed by the Health Care Board and can be amended annually. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. The plan does not issue a separate report. The activity of the plan is reported in the City’s Employees Health Care Fund, an internal service fund.

Funding Policy – The City contributes 59% and retirees contribute 41% of the required contribution rate as determined annually by the Health Care Board of the self-insured pay-as-you-go plan.

Annual OPEB costs and Net OPEB Obligation – The Schedule of Employer Contributions includes the Library’s annual OPEB cost, the percentage of annual OPEB cost contributed and the net OPEB obligation for 2017 and the prior two years are as follows:

Fiscal year ended	Annual OPEB cost	Employer Contributions	Percentage of annual OPEB cost contributed	Net OPEB obligation (asset)
12/31/15	\$ 2,087,515	\$ 549,026	26.3%	\$ 13,199,786
12/31/16	\$ 1,093,769	\$ 559,048	28.9%	\$ 13,734,507
12/31/17	\$ 1,961,671	\$ 660,587	33.7%	\$ 14,729,630

Net Post-employment Benefit Obligation (Asset) - The table below shows the Library’s Net Other Post-employment Benefit (“OPEB”) obligation for fiscal year ended December 31, 2017:

Net OPEB obligation as of January 1, 2016	\$ 13,734,507
Annual required contribution	2,146,285
Interest on net OPEB obligation	604,289
ARC adjustment	(788,899)
Change in allocation percentage applied to ARC	(305,965)
OPEB cost	1,655,710
Contribution	(660,587)
Increase in net OPEB obligation	995,123
Net OPEB obligation as of December 31, 2017	<u>\$ 14,729,630</u>

Shreve Memorial Library Notes to the Financial Statements

The funded status of the plan as of December 31, 2017, the most recent actuarial date is as follows:

(1)	(2)	(3)	(4)	(5)	(6)
Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UALL) (2-1)	Funded Ratio (1/2)	Covered Payroll	UAAL as a Percentage of Covered Payroll (3/5)
\$ -	\$ 22,720,743	\$ 22,720,743	0.0%	\$ 6,030,800	376.7%

The schedule of funding progress is presented as required supplementary information (“RSI”) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, immortality, and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2017, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included 4.5% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 7.5% for 2017 declining gradually to 4.0% by 2058. The actuarial value of assets was not determined as the City has not advance funded its obligation. The plan’s unfunded actuarial accrued liability is being amortized as a level dollar open amortization. The remaining amortization period at December 31, 2017, was 30 years.



Shreve Memorial Library Notes to the Financial Statements

Note 9 **Risk Management**

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To handle such risk of loss, the Library maintains a commercial insurance policy covering property, general liability, automobiles, directors and officers/employment practices, security guard general liability, and workers' compensation.

No claims were paid on any of the policies that exceeded the policies' coverage amounts during the year ended December 31, 2017. In addition, there were no significant reductions in insurance coverage during the year ended December 31, 2017.

Required Supplementary Information

**Shreve Memorial Library
General Fund Budgetary Comparison Schedule
For the Year Ended December 31, 2017**

For the Year Ended December 31, 2017	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Ad valorem taxes	\$ 15,156,780	\$ 15,246,780	\$ 15,453,149	\$ 206,369
Intergovernmental revenues:				
City of Shreveport on-behalf payments	-	-	303,271	303,271
State revenue sharing	369,000	369,000	372,819	3,819
Total intergovernmental revenues	369,000	369,000	676,090	307,090
Fines and fees	94,000	94,000	75,896	(18,104)
Use of money and property:				
Interest earned	70,000	70,000	9,495	(60,505)
Other revenues	304,000	304,000	254,888	(49,112)
Total revenues	15,993,780	16,083,780	16,469,518	385,738
Expenditures				
Culture and recreation:				
Salaries, fringe benefits, and payroll taxes	10,523,889	10,363,889	9,966,189	397,700
Supplies	330,000	330,000	234,167	95,833
Utilities	823,000	823,000	665,282	157,718
Repairs and maintenance	1,325,300	1,485,300	1,363,273	122,027
Insurance	256,000	256,000	231,341	24,659
Books and library materials	1,482,069	1,482,069	1,468,141	13,928
Contract, general and miscellaneous	862,000	952,000	804,566	147,434
Total culture and recreation	15,602,258	15,692,258	14,732,959	959,299
Capital debt service	654,900	654,900	654,900	-
Capital outlay	414,000	414,000	397,340	16,660
Total expenditures	16,671,158	16,761,158	15,785,199	975,959
Excess (deficiency) of revenues over (under) expenditures	(677,378)	(677,378)	684,319	1,361,697
Net change in fund balance	(677,378)	(677,378)	684,319	1,361,697
Fund balance - beginning	20,754,601	20,754,601	21,617,340	862,739
Fund balance - ending	\$ 20,077,223	\$ 20,077,223	\$ 22,301,659	\$ 2,224,436

See Independent Auditors' Report.

Shreve Memorial Library

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

Fiscal Year Ended	Agency's proportion of the net pension liability (asset)	Agency's proportionate share of the net pension liability (asset)	Agency's covered-employee payroll	Agency'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
2017	11.52000%	\$ 25,007,492	\$ 5,070,591	493.19%	47.49%
2016	10.79000%	\$ 23,640,441	\$ 4,859,965	486.43%	45.99%
2015	10.14000%	\$ 21,988,704	\$ 4,525,648	485.87%	45.84%

*Amounts presented were determined as of the measurement date (fiscal year ended December 31).

This schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

Shreve Memorial Library
Schedule of the Library's Contributions to the Pension Plan
For the Year Ended December 31, 2017

Fiscal Year Ended	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll	Contributions as a % of Required Contributions
2017	\$1,115,530	\$1,115,530	\$0	\$5,070,591	22.00%	100.00%
2016	\$971,993	\$971,993	\$0	\$4,859,965	20.00%	100.00%
2015	\$746,732	\$746,732	\$0	\$4,525,648	16.50%	100.00%

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

Shreve Memorial Library
Schedule of Funding Progress for Other Post-Employment Benefit Plan
For the Year Ended December 31, 2017

Fiscal Year End	Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAL as a Percentage of Covered Payroll
12/31/2009	12/31/2009	\$ -	\$ 20,069,179	\$ 20,069,179	0%	\$ 6,544,639	306.7%
12/31/2010	12/31/2010	\$ -	\$ 19,114,926	\$ 19,114,926	0%	\$ 6,518,794	293.2%
12/31/2011	12/31/2011	\$ -	\$ 21,336,887	\$ 21,336,887	0%	\$ 6,911,179	308.7%
12/31/2012	12/31/2012	\$ -	\$ 21,336,887	\$ 21,336,887	0%	\$ 6,911,179	308.7%
12/31/2013	12/31/2013	\$ -	\$ 22,338,672	\$ 22,338,672	0%	\$ 6,813,118	327.9%
12/31/2014	12/31/2014	\$ -	\$ 22,338,672	\$ 22,338,672	0%	\$ 6,813,118	327.9%
12/31/2015	12/31/2015	\$ -	\$ 23,957,615	\$ 23,957,615	0%	\$ 6,816,159	351.5%
12/31/2016	12/31/2016	\$ -	\$ 23,957,615	\$ 23,957,615	0%	\$ 6,816,159	351.5%
12/31/2017	12/31/2017	\$ -	\$ 22,720,743	\$ 22,720,743	0%	\$ 6,031,800	376.7%

These amounts are estimated allocations from the City of Shreveport actuarial valuations. Allocations are based the number of participating retirees from the Library. The percentage used above is 5.10% of the City of Shreveport's UAAL and covered payroll.

Other Supplemental Information

Shreve Memorial Library
Schedule of Compensation, Reimbursements, Benefits and
Other Payments to Agency Head
For the Year Ended December 31, 2017

Agency Head Name: John Tuggle, Director

<u>Purpose</u>		<u>Amount</u>
Salary	\$	128,680
Benefits-insurance (life insurance premiums)	\$	218
Benefits-retirement	\$	28,212
Benefits - health insurance	\$	5,522
Benefits - dental	\$	239
Benefits - ad&d	\$	72
Benefits - Medicare	\$	1,836
Conference travel (hotel, registration, per diem, etc.)	\$	6,475
Dues and memberships	\$	1,410
Other - insurance bond	\$	100
Other - cell phone	\$	557

See Independent Auditors' Report.

Shreve Memorial Library
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2017

We have audited the basic financial statements of the Shreve Memorial Library as of and for the year ended December 31, 2017, and have issued our report thereon dated June 28, 2018. 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. Our audit of the financial statements as of December 31, 2017, resulted in an unmodified opinion.

Section 1 – Summary of Auditors’ Report

Report on Internal Control and Compliance Material to the Financial Statements

Internal Control	
Material Weakness	No
Other Conditions	No
Compliance	
Compliance Material to Financial Statements	No

Federal Awards

N/A

Section II – Financial Statement Findings

Current Year Findings and Responses

None

Prior Year Findings and Responses

None

INDEPENDENT AUDITORS' REPORTS



Carr, Riggs & Ingram, LLC
1000 East Preston Avenue
Suite 200
Shreveport, LA 71105

Mailing Address:
P.O. Box 4278
Shreveport, LA 71134-0278

(318) 222-2222
(318) 226-7150 (fax)
CRlcpa.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Shreve Memorial Library
Shreveport, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the General Fund of the Shreve Memorial Library (the "Library"), a component unit of the City of Shreveport, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' 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 auditors' 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 auditors consider internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the 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 and budgetary comparison information, on pages 1 through 5 and 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Library's basic financial statements. The Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Agency Head is presented in accordance with Act 706 of the 2014 Legislative Session, and is not a required part of the basic financial statements. This schedule is the responsibility of management and was derived from, and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Agency Head is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana
June 28, 2018



Carr, Riggs & Ingram, LLC
1000 East Preston Avenue
Suite 200
Shreveport, LA 71105

Mailing Address:
P.O. Box 4278
Shreveport, LA 71134-0278

(318) 222-2222
(318) 226-7150 (fax)
CRlcpa.com

**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**

Board of Directors
Shreve Memorial Library
Shreveport, 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 General Fund of the Shreve Memorial Library (the "Library"), a component unit of the City of Shreveport, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Shreve Memorial Library's basic financial statements, and have issued our report thereon dated June 28, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana

June 28, 2018

**Shreve Memorial Library
Shreveport, Louisiana**

AGREED-UPON PROCEDURES REPORT

December 31, 2017



CRI CARR
RIGGS &
INGRAM

CPAs and Advisors

CRIcpa.com



Carr, Riggs & Ingram, LLC
1000 East Preston Avenue
Suite 200
Shreveport, LA 71105

Mailing Address:
P.O. Box 4278
Shreveport, LA 71134-0278

(318) 222-2222
(318) 226-7150 (fax)
CRIcpa.com

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners
Shreve Memorial Library
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Shreve Memorial Library (the "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 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 results are as follows:

Written Policies and Procedures

1. Obtained the Library's written policies and procedures and observed that those written policies and procedures address each of the following financial/business functions:
 - a) *Budgeting*, including preparing, adopting, monitoring, and amending the budget.
Results: No exceptions were found as a result of applying the procedure.
 - 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.
Results: No exceptions were found as a result of applying the procedure.
 - c) *Disbursements*, including processing, reviewing, and approving.

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

- 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.

Results: No exceptions were found as a result of applying the procedure.

- 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.

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

- i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the Library's ethics policy.

Results: The Library's policies do not require that all employees annually attest through signature verification that they have read the Library's ethics policy. No other exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

Board (or Finance Committee, if applicable)

- 2. Obtained and inspected the Board minutes for the fiscal period and the Board's enabling legislation, charter/bylaws, or other equivalent document in effect during the fiscal period, and:

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

Results: No exceptions were found as a result of applying the procedure.

- b) Observed that the minutes obtained and inspected in a) above either referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

- 1) If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, observed that 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, observed that the meeting minutes for at least one board meeting during the fiscal period reflected that the board is monitoring the plan.

Results: No exceptions were found as a result of applying the procedure.

- c) Observed that the minutes obtained and inspected in a) above either referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Results: No exceptions were found as a result of applying the procedure.

Bank Reconciliations

3. Obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete.

Results: No exceptions were found as a result of applying the procedure. The Library's Equity in Pooled Cash Accounts were not included in the population because they are under the control of the City of Shreveport (see City of Shreveport SAUPs report).

4. Using the listing obtained from management in #3 above, selected all of the Library's bank accounts. For each of the bank accounts selected, obtained bank statements and reconciliations for all months in the fiscal period and observed that:

- a) Bank reconciliations have been prepared;

Results: For the one account subject to the procedures, the Library prepared a year-end reconciliation. No other reconciliations for the fiscal period were observed. The reconciled balance was not in agreement with the general ledger.

- 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

Results: The bank reconciliation did not include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) had reviewed the bank reconciliation.

- 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.

Results: Not applicable, there were no reconciling items that had been outstanding for more than 6 months as of the end of the fiscal period.

Collections

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

Results: No exceptions were found as a result of applying the procedure.

6. Using the listing provided by management in #5 above, selected one-third of the collection locations. For each cash collection location selected:

a) Determined who is responsible for collecting cash through inquiry with management.

Results: No exceptions were found as a result of applying the procedure.

b) Obtained existing written documentation (e.g. insurance policy, policy manual, job description) and inspected the documentation obtained to determine that each person responsible for collecting cash, as identified in #6a above, is (1) bonded, or there is sufficient general liability insurance covering each person, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account, and (3) not required to share the same cash register or drawer with another employee.

Results: No exceptions were found as a result of applying the procedure.

c) Obtained existing written documentation (e.g. reconciliation worksheets and policy manual) and observed that the Library has a formal process to reconcile cash collections to the general ledger by revenue source by a person who is not responsible for cash collections in the cash collection location selected.

Results: No exceptions were found as a result of applying the procedure.

d) Selected the highest (dollar) week of cash collections from the general ledger during the fiscal period and:

1) Obtained the Library's collection documentation, deposit slips, and bank statements for each cash collection included in the highest (dollar) week, traced daily collections to the deposit date on the corresponding bank statement, and observed that the deposits were made within one day of collection. If deposits were not made within one day of collection, reported the number of days from receipt to deposit for each day at each collection location.

Results: The Library did not make deposits within one day of collection. The table below reports the number of days from the oldest receipt to deposit for each collection location. No other exceptions were found as a result of applying the procedure.

<u>Location</u>	<u>Days from receipt to deposit</u>
Belcher-Wyche	43
Rodessa	50
Gilliam	50
Cedar Grove	36
Mooringsport	43
Oil City	50
Hamilton/South Caddo	36

- 2) Obtained related collection documentation, observed that daily cash collections were supported by documentation.

Results: No exceptions were found as a result of applying the procedure.

7. Obtained existing written documentation from management (e.g. policy manual, written procedure) and observed that the written documentation includes a process specifically defined (as identified by management) 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.

Results: No exceptions were found as a result of applying the procedure.

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

8. Obtained a listing of Library disbursements for the fiscal period from management or, alternately, obtained the general ledger and sorted/filtered for Library disbursements. Obtained management's representation that the listing or general ledger population is complete.

Results: No exceptions were found as a result of applying the procedure.

9. Using the disbursement population from #8 above, randomly selected 25 disbursements, excluding credit card/debit card/fuel card/P-card purchases or payments. Obtained supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and determined that 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.

Results: 13 of 25 disbursements were not 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. These disbursements were not required to be initiated using such a system by policy. No other exceptions were found as a result of applying the procedure.

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

Results: 13 of 25 disbursements did not have purchase orders or electronic equivalents. No other exceptions were found as a result of applying the procedure.

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

Results: 13 of 25 disbursements did not have purchase orders or electronic equivalents. No other exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

12. Inquired of management and observed that the supply of unused checks is maintained in a locked location, with access restricted to those persons (as identified by management) that do not have signatory authority. Alternately, if the checks are electronically printed on blank check stock, inspected Library documentation (electronic system control documentation) and observed that only the persons with signatory authority have system access to print checks.

Results: No exceptions were found as a result of applying the procedure.

13. If a signature stamp or signature machine is used, inquired of the signer to determine that his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquired of the signer to determine that signed checks are likewise maintained under the control of the signer or authorized user until mailed.

Results: No exceptions were found as a result of applying the procedure.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

14. Obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) in effect during the fiscal period for all employees/officials, including the card numbers and the names of the persons who maintained possession of the cards. Obtained management's representation that the listing is complete.

Results: No exceptions were found as a result of applying the procedure.

15. Using the listing obtained by management in #14 above, randomly selected 10 cards (that were used during the fiscal period, rotating cards each year. Obtained the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards for the fiscal period. Selected the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, selected the monthly bank statement with the largest dollar amount of debit card purchases) and:

a) Observed that 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.

Results: Out of the ten cards selected, six cards were Fuelman cards. The Library does not maintain the original receipts related to Fuelman charges. As such, we did not perform further procedures.

The four cards subject to additional procedures had no exceptions found as a result of applying the procedure.

- b) Observed that no finance charges and/or late fees were assessed on the selected statements.

Results: The four cards subject to additional procedures had no exceptions found as a result of applying the procedure.

16. Using the monthly statements or combined statements selected under #15 above, obtained supporting documentation as follows for all transactions for each of the cards selected.

- a) For each transaction, observed that the transaction is supported by:
 - 1) An original itemized receipt (i.e., identifies precisely what was purchased).

Results: The four cards subject to additional procedures had no exceptions found as a result of applying the procedure.

- 2) Documentation of the business/public purpose, if not evident from the receipt. For meal charges, there should also be documentation of the individuals participating.

Results: The four cards subject to additional procedures had no exceptions found as a result of applying the procedure.

- 3) If applicable, other documentation that is required by the written policy obtained in #1g above (e.g., purchase order, written authorization.)

Results: Additional documentation was not required by written policy

- b) For each transaction, compared the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the Library's written purchasing/disbursement policies obtained in #1b above and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and determined that the transaction complied with the requirements.

Results: The four cards subject to additional procedures had no exceptions found as a result of applying the procedure.

- 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 determined that the transaction complied with the requirements (e.g. cash advances or non-business purchases, regardless whether they are reimbursed).

Results: The four cards subject to additional procedures had no exceptions found as a result of applying the procedure.

Travel and Expense Reimbursement

17. Obtained from management a listing of all travel and related expense reimbursements, by person, during the fiscal period. Obtained management's representation that the listing or general ledger is complete.

Results: No exceptions were found as a result of applying the procedure.

18. Using the Library's written policies related to travel and expense reimbursements obtained in #1h above, 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 determined that no amounts exceeded GSA rates.

Results: No exceptions were found as a result of applying the procedure.

19. Using the listing from #17 above, selected the three persons who incurred the most travel costs during the fiscal period. Obtained the expense reimbursement reports or prepaid expense documentation of each selected person for the fiscal period, including the supporting documentation, and chose the largest travel expense for each person to inspect. For each of the three travel expenses selected:

a) Compared expense documentation to the written policies and observed that each expense was reimbursed or prepaid in accordance with the written policy obtained in #1h above (e.g., rates established for meals, mileage, lodging).

Results: No exceptions were found as a result of applying the procedure.

b) Observed that each expense is supported by:

1) An original itemized receipt that identifies precisely what was purchased.

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

3) If applicable, other documentation as required by the written policy obtained in #1h above (e.g., authorization for travel, conference brochure, certificate of attendance).

Results: No exceptions were found as a result of applying the procedure.

c) Compared 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 determined that the transaction complied with the requirements (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse).

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

Contracts

20. Obtained a listing of all contracts in effect during the fiscal period. Obtained management's representation that the listing is complete.

Results: No exceptions were found as a result of applying the procedure.

21. Using the listing from #20 above, selected the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to Carr, Riggs & Ingram, LLC). Obtained the related contracts and paid invoices during the fiscal period related to the five vendors selected and:

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

Results: No exceptions were found as a result of applying the procedure.

b) Compared each contract's detail to the requirements of Louisiana Public Bid Law or Procurement Code. Determined whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

1) If yes, obtained/compared supporting contract documentation to legal requirements and observed that the Library complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).

Results: For the three contracts subject to the Louisiana Public Bid Law, no exceptions were found as a result of applying the procedure.

2) If no, obtained supporting contract documentation and observed that the Library solicited quotes as a best practice.

Results: For the two contracts not subject to the Louisiana Public Bid Law, no exceptions were found as a result of applying the procedure.

c) Determined whether the contract was amended. If so, determined the scope and dollar amount of the amendment and observed that the original contract terms contemplated or provided for such an amendment.

Results: No exceptions were found as a result of applying the procedure.

d) Selected the largest payment from each of the five contracts, obtained the supporting invoice, compared the invoice to the contract terms as observed in the contract, and observed that the invoice and related payment complied with the terms and conditions of the contract.

Results: No exceptions were found as a result of applying the procedure.

e) Obtained board minutes related to the contract and observed that there is documentation of board approval, if required by the policy obtained in #1f above or law (e.g. Lawrason Act or Home Rule Charter).

Results: The contracts did not require board approval in accordance with policy or law.

Payroll and Personnel

22. Obtained a listing of employees during the fiscal period with their related salaries, and obtained management's representation that the listing is complete. Randomly selected five employees/officials, obtained their personnel files, and:

- a) Determined compensation paid to each employee during the fiscal period and observed that payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure as observed in the employees' employee personnel files.

Results: No exceptions were found as a result of applying the procedure.

- b) Inspected changes made to hourly pay rates/salaries during the fiscal period and observed that those changes were approved in writing and in accordance with the written policy obtained in #1e above.

Results: No exceptions were found as a result of applying the procedure.

23. Obtained attendance and leave records for the fiscal period and selected one pay period in which leave has been taken by at least one employee. Within that pay period, selected 25 employees/officials, and:

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

- c) Observed that 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.

Results: No exceptions were found as a result of applying the procedure.

24. Obtained from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If any termination payments were made during the fiscal year, selected the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtained the personnel files and if applicable, employment contract for the two employees/officials. Observed that the termination payments were made in strict accordance with the policy obtained in #1e above and/or employment contract and approved by management.

Results: No exceptions were found as a result of applying the procedure.

25. Obtained supporting documentation (e.g. cancelled checks, EFT documentation) relating to all payroll taxes and retirement contributions during the fiscal period. Observed that 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 (as identified by management).

Results: Payroll taxes and retirement contributions are remitted by the City of Shreveport. This procedure is not applicable to the Library.

Ethics

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

Results: No exceptions were found as a result of applying the procedure.

27. Inquired of management whether any alleged ethics violations were reported to the Library during the fiscal period. If applicable, obtained and inspected 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 obtained in #1i above. If management received allegations, observed that management investigated allegations received, and determined that the allegations were addressed in accordance with the policy obtained in #1i above.

Results: Per inquiry of management, no alleged ethics violations were reported to the Library during the fiscal period.

Debt Service

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

Results: The Library had no debt during the fiscal period. This step is not applicable.

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

Results: The Library had no debt during the fiscal period. This step is not applicable.

30. If the Library had tax millages relating to debt service, obtained supporting documentation for the millages levied during the fiscal period and observed that millage collections exceeded debt service payments by more than 10% during the fiscal period. Also, observed that there are no millages that continue to be received for debt that has been paid off.

Results: The Library had no debt during the fiscal period. This step is not applicable.

Other

31. Inquired of management whether the Library had any misappropriations of public funds or assets during the fiscal period. If so, obtained/inspected supporting documentation and observed that the Library reported the misappropriation to the legislative auditor and the district attorney of the Library in which the Library is domiciled.

Results: Per inquiry of management, the Library had no misappropriation of public funds or assets during the fiscal period.

32. Observed that the Library has posted on its premises and website, the notice required by R.S. 24:523.1.

Results: No exceptions were found as a result of applying the procedure.

33. If the practitioner observed or otherwise identified any exceptions regarding management's representations in the procedures above, reported the nature of each exception.

Results: No exceptions were found as a result of applying the procedure.

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.

This report is intended solely for the information and use of the Board of Commissioners and Management of the Shreve Memorial Library and the Louisiana Legislative Auditor. The purpose of this report is solely to describe the scope of procedures performed on those C/C areas identified in the SAUPs, and the result of the procedures performed, 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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS, & INGRAM, LLC
Shreveport, Louisiana
June 28, 2018



SHREVE MEMORIAL LIBRARY

June 28, 2018

Louisiana Legislative Auditor
1600 North 2nd Street
PO Box 94397
Baton Rouge, LA 70804

and

Carr, Riggs & Ingram, LLC
1000 East Preston Avenue
Shreveport, LA 71105

RE: Management's Response to Agreed-Upon Procedures

Management of the Shreve Memorial Library has reviewed the Independent Accountants' Report on Applying Agreed-Upon Procedures. We are in agreement with the report of Carr, Riggs & Ingram, LLC. The Shreve Memorial Library will add policies and procedures and implement changes as considered necessary to meet the expectations identified in the report and future agreed-upon procedures engagements.

Shreve Memorial Library



John Tuggle
Executive Director