

DESOTO PARISH LIBRARY

Mansfield, Louisiana

**FINANCIAL REPORT
December 31, 2017**

DESOTO PARISH LIBRARY
Mansfield, Louisiana

Financial Report
December 31, 2017

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Dees Gardner, Certified Public Accountants, LLC

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Independent Auditor's Report

To the Board of Control
DeSoto Parish Library
Mansfield, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the DeSoto Parish Library, a component unit of the DeSoto Parish Police Jury, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 major fund of the DeSoto Parish Library as of December 31, 2017, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6-9 and the required supplementary information (part II) as listed in the table of contents 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 management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The required supplemental information (part II) is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Supplemental 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, benefits and other payments to agency head of chief executive officer listed as other supplemental information in the table of contents as required by Louisiana Revised Statute 24:513 (A)(3), is presented for purposes of additional analysis and is not a required part of the basic financial statements. The "other supplemental information" is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the 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 25, 2018, on our consideration of the DeSoto Parish Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering DeSoto Parish Library's internal control over financial reporting and compliance.

In accordance with the requirement of the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, we have issued a report dated June 25, 2018 on the results of those procedures

Dees Gardner, Certified Public Accountants, LLC

Mansfield, Louisiana

June 25, 2018

REQUIRED SUPPLEMENTARY INFORMATION
(PART I)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

DESOTO PARISH LIBRARY

Mansfield, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ending December 31, 2017

Within this section of the DeSoto Parish Library's (the Library) annual financial report, the Library's management is pleased to provide this narrative overview and analysis of the financial activities of the Library as of and for the fiscal year ended December 31, 2017. The Library's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. We encourage readers to consider the information presented here in conjunction with the Library's basic financial statements and supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.

FINANCIAL HIGHLIGHTS

- The DeSoto Parish Library's net position increased by \$393,945 or 1.57% in December 31, 2017, compared to a decrease of \$741,109 (restated) or 2.86% in 2016.
- Sales and use taxes increased \$1,096,797 (69.26%) to \$2,680,470 during the year ended December 31, 2017 compared to \$1,583,673 during 2016.
- The DeSoto Parish Library's total general and program revenues increased by \$1,100,127 or 64.02%.
- During the year ended December 31, 2017, the DeSoto Parish Library had total expenses of \$1,928,383, excluding depreciation of \$496,238, compared to \$1,944,585 (restated) in 2016. This reflects a decrease of \$16,202 or 0.83% during the year ended December 31, 2017.

OVERVIEW OF FINANCIAL STATEMENTS

This Management Discussion and Analysis document introduces the basic financial statements which include government-wide financial statements and fund financial statements. These two types of financial statements present the Library's financial position and results of operations from differing perspectives, which are described as follows:

Government-Wide Financial Statements

The government-wide financial statements report information about the Library as a whole using accounting methods similar to those used by private-sector companies. These report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the Library's assets and all of its liabilities. All of the Library's activities are classified as governmental activities in the government-wide financial statements. The governmental activities are financed primarily by sales and use tax.

Fund Financial Statements

Fund financial statements provide detailed information regarding the Library's most significant activities and are not intended to provide information for the Library as a whole. Funds are accounting devices that are used to account for specific sources of funds. All of the Library's funds are limited to its general fund, which is classified as a Governmental Fund. This fund is used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental fund uses a modified accrual basis of accounting that provides a short-term view of the Library's finances. Assets reported by the governmental fund are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.

Notes to the Financial Statements

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

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information. This section includes a budgetary comparison schedule for the General Fund. Annual budgets are prepared on the cash basis. There is also a schedule of the Library's proportionate share of the net pension liability and schedule of pension contributions.

Other Supplementary Information. The schedule of compensation, benefits and other payments to agency head or chief executive officer is presented to fulfil the requirements of Louisiana Revised Statute 24:513(A)(3).

FINANCIAL ANALYSIS OF THE LIBRARY AS A WHOLE

Net Position

Net position may serve over time as a useful indicator of the DeSoto Parish Library's financial position. The total net position changed from a year ago, increasing from \$25,125,966 (restated) to \$25,551,911 (1.57%).

The DeSoto Parish Library's level of liquidity is \$14,481,008 (57%) of net position invested in demand deposits, LAMP securities, certificates of deposit, and government securities with various financial institutions as of December 31, 2017.

At December 31, 2017, \$10,634,324 (42%) of the Library's net position reflects capital assets with a historical cost of \$15,077,360 and accumulated depreciation of \$4,443,036.

Sales and use tax receivable increased by \$144,789.

The largest portion of the Library's net position \$14,885,587 (58%) as of December 31, 2017, and \$14,135,336, (56%) as of 2016, is unrestricted and may be used to meet the ongoing obligations to the citizens of DeSoto Parish.

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

	(Restated)	
Assets	2017	2016
Cash	\$ 8,757,076	\$ 8,420,293
Investments	5,723,932	5,442,667
Accounts Receivable	442,105	299,779
Prepaid Expenses	28,950	27,524
Capital Assets, Net of Depreciation	10,634,324	10,990,630
Total Assets	<u>25,586,387</u>	<u>25,180,893</u>
Deferred Outflows of Resources		
Pension related	<u>197,028</u>	<u>256,031</u>
Liabilities		
Current Liabilities		
Accounts Payable	15,977	17,177
Salaries and Benefits Payable	48,081	51,890
Long-term Liabilities		
Accrued Compensated Absences	49,139	81,707
Net pension liability	116,314	135,150
Total Liabilities	<u>229,511</u>	<u>285,924</u>
Deferred Inflows of Resources		
Pension related	<u>33,993</u>	<u>25,034</u>
Net Position		
Unrestricted	14,885,587	14,135,336
Net Investment in Capital Assets	10,634,324	10,990,630
Total Net Position	<u>\$ 25,519,911</u>	<u>\$ 25,125,966</u>

Changes in Net Position

An analysis of the government-wide Statement of Activities is presented as follows:

	(Restated)	
Revenues	2017	2016
Program Revenue		
Charges for Services	\$ 38,778	\$ 37,283
Grants and Contributions	1,275	1,423
General Revenue		
Sales tax	2,680,470	1,583,673
Ad valorem tax	129	-
Investment Earnings	94,849	94,768
Gain on sale of assets	3,065	1,292
Total Revenue	<u>2,818,566</u>	<u>1,718,439</u>
Program Expenses		
Culture and Recreation	<u>2,424,621</u>	<u>2,459,548</u>
Change in Net Position	393,945	(741,109)
Net Position Beginning	<u>25,125,966</u>	<u>25,867,075</u>
Net Position Ending	<u>\$ 25,519,911</u>	<u>\$ 25,125,966</u>

As the above presentation demonstrates, the Library has increased its reserves by \$393,945 or 1.57%.

The DeSoto Library received \$2,680,470 (95%) and \$1,583,673 (92%) of its total revenues through sales and use taxes during 2017 and 2016, respectively.

Approximately 1.38% (\$38,778) of the Fund's total revenue was derived through charges for services compared to 2.17% (\$37,283) in 2016.

The Library continues to have a substantial amount of net position.

FINANCIAL ANALYSIS OF THE LIBRARY'S FUND

For the year ended December 31, 2017, differences between the government-wide presentation and the fund financial statements were due to prepaid insurance, depreciation changes associated with capital assets, changes in accrued compensated absences, and the GASB 68 non-employer contributions and pension expense.

GENERAL BUDGET BUDGETARY HIGHLIGHTS

Formal budgetary integration is employed as a management control device during the fiscal year. The budget policy of the Library complies with state law, as amended, and as set forth in Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA-RS 39:1301 et seq.). The Library's budget was amended during 2017. The Library's budget is based on the Government Fund's Statement of Revenues, Expenditures, and Changes in Fund Balance. The actual revenues were \$992,148 more than the budgeted amounts. The actual expenditures were \$83,134 less than the budgeted amounts.

CAPITAL ASSET ADMINISTRATION

Capital asset purchases for the year ended December 31, 2017, included the purchase of a new server and additions to the library's collection.

DEBT ADMINISTRATION

For the year ended December 31, 2017, there was no debt activity and no debts are outstanding at year-end.

ECONOMIC FACTORS EXPECTED TO EFFECT FUTURE OPERATIONS

At the present time, no known issues are expected to have a significant impact on future operations.

REQUEST FOR INFORMATION

This report is designed to provide a general overview of the DeSoto Parish Library's finances and seeks to demonstrate the Library's accountability for the money they receive. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Delbert Terry, Director, 109 Crosby Street, Mansfield, Louisiana, 71052.

BASIC FINANCIAL STATEMENTS

DESOTO PARISH LIBRARY

Mansfield, Louisiana

GOVERNMENTAL FUND BALANCE SHEET / STATEMENT OF NET POSITION

December 31, 2017

	Governmental Fund Financial Statements		Adjustments	Government-wide Statements		
	Balance Sheet			Statement of Net Position		
	General Fund					
ASSETS						
Cash and cash equivalents	\$	8,757,076	\$	-	\$	8,757,076
Investments		5,723,932		-		5,723,932
Sales tax receivable		418,216		-		418,216
Accrued interest		23,889		-		23,889
Prepaid expenses		28,950		-		28,950
Capital assets, net of accumulated depreciation, (see note 4)		-		10,634,324		10,634,324
TOTAL ASSETS	\$	14,952,063	\$	10,634,324	\$	25,586,387
DEFERRED OUTFLOWS OF RESOURCES						
Pension related		-	\$	197,028	\$	197,028
LIABILITIES						
Current Liabilities:						
Accounts payable	\$	15,977	\$	-	\$	15,977
Salaries and benefits payable		48,081		-		48,081
Noncurrent Liabilities:						
Accrued compensated absences		-		49,139		49,139
Net pension liability		-		116,314		116,314
TOTAL LIABILITIES		64,058	\$	165,453	\$	229,511
DEFERRED INFLOWS OF RESOURCES						
Pension related		-	\$	33,993	\$	33,993
FUND BALANCE/NET POSITION						
Fund Balances:						
Nonspendable:						
Prepaid expenses		28,950	\$	(28,950)	\$	-
Assigned:						
Repayment of protest sales tax		1,142,211		(1,142,211)		-
Unassigned		13,716,844		(13,716,844)		-
TOTAL FUND BALANCES		14,888,005		(14,888,005)	\$	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$	14,952,063		25,519,911		
Net Position:						
Net investment in capital assets	\$		\$	10,634,324	\$	10,634,324
Unrestricted				14,885,587		14,885,587
TOTAL NET POSITION	\$	-	\$	-	\$	25,519,911

The accompanying notes are an integral part of this statement.

DESOTO PARISH LIBRARY

Mansfield, Louisiana

**Reconciliation of Fund Balance on the Balance Sheet for the Governmental Fund to
Net Position of Governmental Activities on the Statement of Net Position**

December 31, 2017

Fund Balance - Governmental Fund	\$ 14,888,005
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	10,634,324
Certain deferred outflows are reported in the governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
Deferred outflows-pension related	197,028
Long-term liabilities are not due and payable on the current period and, therefore, are not reported in the governmental fund:	
Accrued compensated absences	(49,139)
Deferred inflows-pension related	(33,993)
Net pension liability	<u>(116,314)</u>
Total Net Position of Government Activities	\$ <u>25,519,911</u>

The accompanying notes are an integral part of this statement.

DESOTO PARISH LIBRARY

Mansfield, Louisiana

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

For the year ended December 31, 2017

	Governmental Fund Financial Statements		Adjustments	Government-wide
	Statement of Revenues, Expenditures, and Changes in Fund Balance			Statements
	General Fund			Statement of Activities
EXPENDITURES/EXPENSES				
Culture and Recreation:				
Personal services & related benefits	\$ 1,493,469	\$ 16,558	\$	1,510,027
Operating expenses	302,206	-		302,206
Material & supplies	112,960	-		112,960
Travel & other charges	3,190	-		3,190
Capital outlays	139,932	(139,932)		-
Depreciation	-	496,238		496,238
TOTAL EXPENDITURES/EXPENSES	<u>2,051,757</u>	<u>372,864</u>		<u>2,424,621</u>
PROGRAM REVENUES				
Charges for services	38,778	-		38,778
Operating grants and contributions	1,275	-		1,275
TOTAL PROGRAM REVENUES	<u>40,053</u>	<u>-</u>		<u>40,053</u>
NET PROGRAM EXPENSE	2,011,704	372,864		2,384,568
GENERAL REVENUES				
Sales and use tax	2,680,470	-		2,680,470
Ad valorem tax	129	-		129
Investment earnings	94,849	-		94,849
TOTAL GENERAL REVENUES	<u>2,775,448</u>	<u>-</u>		<u>2,775,448</u>
NET CHANGE IN FUND BALANCE/ CHANGE IN NET POSITION	763,744	(372,864)		390,880
OTHER FINANCING SOURCES (USES):				
Sale of assets/ Gain (loss) on sale of assets	3,065	-		3,065
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,065</u>	<u>-</u>		<u>3,065</u>
EXCESS (Deficiency) of REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES(USES)/ CHANGE IN NET ASSETS	766,809	(372,864)		393,945
FUND BALANCE / NET POSITION				
Beginning of the year, restated	14,121,196			25,125,966
End of the year	<u>\$ 14,888,005</u>		<u>\$</u>	<u>25,519,911</u>

The accompanying notes are an integral part of this statement.

DESOTO PARISH LIBRARY

Mansfield, Louisiana

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balance of the Governmental Fund to the Statement of Activities**

For the year ended December 31, 2017

Net change in Fund Balance - Governmental Fund	\$ 766,809
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Governmental funds report capital outlays as expenditures. However in the Statement of Activities, the cost of the assets are capitalized and allocated over their estimated useful lives and reported as depreciation expense. Therefore, capital expenditures are not recorded in the statement of activities.

Capital outlays	139,932
Depreciation	(496,238)

In the Statement of Activities pension and other postemployment benefits are reported in the government-wide statements, but not in the governmental fund statements

Pension expense	(59,954)	
Non-employer contributions to cost-sharing pension plan	10,828	
Compensated absences	32,568	<u>(16,558)</u>

Net change in Net Position	\$ <u>393,945</u>
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The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

DeSoto Parish Library
Mansfield, Louisiana

Notes to the Financial Statements
December 31, 2017

Introduction

The DeSoto Parish Library (hereinafter referred to as the Library) with the main branch located in Mansfield, Louisiana, was created by the DeSoto Parish Police Jury under the provisions of Louisiana Revised Statute 23:211. In addition to the main branch, the DeSoto Parish Library has branches in Stonewall, Logansport, and Pelican.

The Library has eight commissioners who make up the Board of Control. The DeSoto Parish Police Jury appoints seven of the commissioners while the eighth member is the Police Jury President. The Police Jury President serves as an ex-officio member or may designate a Juror in their stead. They are not paid for these services.

The Library was created to provide the citizens of DeSoto Parish access to library materials, books, magazines, computers, videos and audio media.

1. Summary of Significant Accounting Policies

The DeSoto Parish Library's financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, issued in June 1999. The more significant accounting policies established in GAAP and used by the DeSoto Parish Library are discussed below.

A. Financial Reporting Entity

As the governing authority of the parish, for reporting purposes, the DeSoto Parish Police Jury is the financial reporting entity for DeSoto Parish. The Library is considered a component unit of the DeSoto Parish Police Jury because it appoints a voting majority of the Library's governing body. The accompanying financial statements present information only on the funds maintained by the Library and do not present information on the DeSoto Parish Police Jury, the general governmental services provided by that governmental unit or the other governmental units that comprise the financial reporting entity.

B. Basis of Presentation

Government-Wide Financial Statements

In accordance with Governmental Accounting Standards Boards Statement No. 34, the Library has presented a statement of net position and statement of activities for the Library as a whole. These statements include only the Library component unit. Government-wide financial statements are designed to provide a more comprehensive view of the Library's operations and financial position as a single economic entity.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

DeSoto Parish Library
Mansfield, Louisiana

Notes to the Financial Statements
December 31, 2017

1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Fund Financial Statements

The daily accounts and operations of the Library are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Governmental activities presented as governmental funds for the Library consists only of the General Fund. The General Fund is the general operating fund of the Library. It accounts for all financial resources except those required to be accounted for in other funds. The General Fund is always a major fund.

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

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

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity, if any, has been eliminated from the government-wide financial statements.

The governmental fund financial statements 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 year or soon enough thereafter to pay liabilities of the current year. For this purpose, the Government considers tax revenues to be available if they are collected within 30 days of the end of the current fiscal year, while intergovernmental (grant) revenues are considered available if received within 60 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

D. Cash

Cash includes amounts in demand deposit, interest bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those income-producing items with original maturities of usually 90 days or less. Under state law, the Library may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and any other state of the United States, or under the laws of the United States. Highly liquid debt instruments with original maturities of 91 days or less are classified as cash.

DeSoto Parish Library
Mansfield, Louisiana

Notes to the Financial Statements
December 31, 2017

1. Summary of Significant Accounting Policies (continued)

E. Investments

Investments are reported at fair value. All investments are traded on a national exchange and are valued at the last reported sales price at current exchange rates. There are no investments without an established market. Unrealized gains and losses on investments recorded at fair value are included in investment income (loss). Investment policies are governed by state statute.

F. Sales Tax Receivable

Management believes these receivables are collectible; therefore, no allowance is recorded for uncollectible amounts.

G. Prepaid Expenses.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

H. Capital Assets

Capital assets, which include property, plant, equipment, and the library collection, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation.

The Library maintains a threshold level of \$2,500 or more for capitalizing capital assets for reporting purposes. The costs of normal maintenance and repairs that do not add to the value of that asset or materially extend the life of that asset are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation over the following useful lives:

Buildings and improvements	15-40 years
Furniture and Equipment	5-10 years
Library Collections	5 years

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

I. Deferred Outflows/Inflows of Resources Related to Pensions

The Statement of Net Position reports a separate section for deferred outflows and (or) deferred inflows of financial resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until the applicable period. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources until that time.

DeSoto Parish Library
Mansfield, Louisiana

Notes to the Financial Statements
December 31, 2017

1. Summary of Significant Accounting Policies (continued)

J. Pensions

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

K. Compensated Absences

Vested or accumulated vacation leave or compensatory time earned that is expected to be liquidated with expendable available financial resources are reported as expenditures and a fund liability of the governmental fund that will pay it. Amounts of compensated absences not expected to be liquidated with expendable available financial resources are not reported in the fund financial statements. No accrued current expenditures are reported in the governmental funds, as the amounts are considered immaterial. The full liability and related costs are reported in the government-wide financial statements. The non-current portion represents a reconciling item between the fund and government-wide statements.

Employees of the Library earn 5 to 22 days of vacation leave depending on their length of service. No leave is earned, however, while on suspension or leave with pay status. Annual leave may be accumulated to a maximum of 5 to 22 days depending on the employees length of service. Time in excess will be forfeited. Temporary employees and substitutes are not eligible for vacation time.

Regular full-time employees earn a certain amount of sick leave each year, depending upon their status and hours worked. Unused sick leave is allowed to accumulate without limit. Upon separation of employment, excluding retirement, no sick leave shall be paid to employees.

L. Sales Taxes

The DeSoto Parish Library has a one-fourth percent (¼%) sales and use tax approved by the voters of DeSoto Parish on May 16, 1981, for an indefinite period of time. The tax, after all reasonable and necessary costs for collection and administration, is to be dedicated and used for the purpose of constructing, acquiring, extending, improving, operating and/or maintaining the parish library, together with all necessary land, equipment, and furnishings.

M. Use of Estimates

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

DeSoto Parish Library
Mansfield, Louisiana

Notes to the Financial Statements

December 31, 2017

1. Summary of Significant Accounting Policies (continued)

N. Fund Equity

Net Position

In the government-wide financial statements equity (the difference between assets and liabilities) is classified as net position and is reported in three components:

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

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies unrestricted resources first, unless a determination is made to use restricted resources. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

Fund Balances

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

- a. 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.
- b. Restricted—resources with constraints placed on the use of resources 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.
- c. 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 Board of Control). These amounts cannot be used for any other purpose unless government takes the same highest level action to remove or change the constraint.
- d. Assigned—resources neither restricted nor committed for which the Board of Control has a stated intended use as established by the Library or a body or official to which the Board of Control has delegated the authority to assign amounts for specific purposes. There was \$1,200,000 assigned for possible sales tax refunds as of December 31, 2017.

DeSoto Parish Library
Mansfield, Louisiana

Notes to the Financial Statements
December 31, 2017

1. Summary of Significant Accounting Policies (continued)

N. Fund Equity (continued)

- e. 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 establishes (and modifies and rescinds) fund balance commitments and assignments by passage of a resolution. The Library would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

O. 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. The Library carries commercial insurance for the risk of loss including automobile liability, general liability, property damage, workers compensation, errors and omissions, and surety bonds. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

2. Cash and Investments

Cash

At December 31, 2017, the Library has cash and cash equivalents (book balances) totaling \$8,757,076 as follows:

Demand deposits	\$	6,491,139
Money market deposits		13,713
Certificates of Deposit		2,252,118
Petty cash		106
	\$	<u>8,757,076</u>

Investments

At December 31, 2017, the Library has the following investments and maturities:

Type of Investment	Fair Value	Investment Maturities (in Years)			
		Less than 1 year	1-5 Years	6-10 years	Over 10 years
U. S. Government Securities	\$ 5,157,514	\$ 723,013	\$ 1,922,040	\$ 1,676,290	\$ 836,171
Louisiana Assets Management Pool	566,418	566,418			
	\$ 5,723,932	\$ 1,289,431	\$ 1,922,040	\$ 1,676,290	\$ 836,171

The U.S. government securities are stated at fair value based on market quotations. The investments in LAMP are stated at fair value based upon quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

DeSoto Parish Library
Mansfield, Louisiana

Notes to the Financial Statements

December 31, 2017

2. Cash and Investments (continued)

The cash and investments of the DeSoto Parish Library are subject to the following risks:

Custodial Credit Risk. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Library that the fiscal agent bank has failed to pay deposit funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Library's name.

At year end, the Library had collected bank balances of \$8,737,925, which were fully protected by \$500,000 of federal depository insurance and pledged securities with a market value of \$10,856,144 held by the custodial banks in the name of the Library.

Interest Rate Risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. The Library does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, as a means of offsetting exposure to interest rate risk, the Library diversifies its investments by security type and institution.

Credit Risk: Generally, credit risk is the risk that the issuer of a debt type investment will not fulfill its obligation to the holder of the investment. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The Library's investments comply with Louisiana Statutes (LSA.R.S. 33:2955). Under state law, the Library may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Library may invest in United States bonds, treasury notes and bills, government-backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks organized under Louisiana law and national banks having principal offices in Louisiana.

Investments held at December 31, 2017, include \$566,418 invested with the Louisiana Asset Management Pool (LAMP), a local government investment pool. The Louisiana Asset Management Pool is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

DeSoto Parish Library
Mansfield, Louisiana

Notes to the Financial Statements
December 31, 2017

2. Cash and Investments (continued)

Realized Gains and Losses

During 2017, the Library realized a net loss of \$9,059 from the sale of investments. The calculation of realized gains is independent of the calculation of the net increase in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year. The unrealized loss on investments held at year-end was \$131,679.

3. Capital Assets

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

	Ending Balance 2016	Increases	Decreases/ reclassifications	Ending Balance 2017
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 172,072	\$ -	\$ -	\$ 172,072
Total assets not being depreciated	<u>172,072</u>	<u>-</u>	<u>-</u>	<u>172,072</u>
Capital assets being depreciated:				
Buildings and improvements	12,017,444	-	-	12,017,444
Machinery and equipment	97,122	7,940	-	105,062
Furniture and fixtures	574,810	-	-	574,810
Library collection	2,172,381	131,992	(96,401)	2,207,972
Total capital assets being depreciated	<u>14,861,757</u>	<u>139,932</u>	<u>(96,401)</u>	<u>14,905,288</u>
Less accumulated depreciation for:				
Buildings and improvements	1,793,800	309,390	-	2,103,190
Machinery and equipment	63,676	7,743	-	71,419
Furniture and fixtures	405,940	48,631	-	454,571
Library collection	1,779,783	130,474	(96,401)	1,813,856
Total accumulated depreciation	<u>4,043,199</u>	<u>496,238</u>	<u>(96,401)</u>	<u>4,443,036</u>
Capital assets being depreciated, net	<u>10,818,558</u>			<u>10,462,252</u>
Governmental activities capital assets, net	<u>\$ 10,990,630</u>			<u>\$ 10,634,324</u>

Depreciation expense is \$496,238 for the year ended December 31, 2017.

4. Pension Plan - Parochial Employees' Retirement System (PERS)

Plan Description. The Library contributes to PERS, under Plan B, which is a cost-sharing, multiple employer defined benefit pension plan established by Act 205 of the 1952 regular session of the Legislature of the State of Louisiana to provide retirement benefits to all employees of any parish in the state of Louisiana or any governing body or a parish which employs and pays persons serving the parish. Plan B was designated for employees that remained in Social Security on the revision date. Sections 1901 through 2025 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:1901-2025) and other general laws of the State of Louisiana govern PERS. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System, which can be obtained at www.persla.org.

DeSoto Parish Library
Mansfield, Louisiana

Notes to the Financial Statements
December 31, 2017

4. Pension Plan - *Parochial Employees' Retirement System (PERS)* (continued)

All permanent parish employees working at least 28 hours per week are eligible to participate in the System. As of January 1997, elected officials, except coroners, justices of the peace, and parish presidents may no longer join PERS. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate.

Benefits Provided. The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Retirement.

Any member of Plan B can retire providing he/she meets one of the following criteria:

For employees hired prior to January 1, 2007:

At age 55	after 30 years of creditable service
At age 60	after 10 years of creditable service
At age 65	after 7 years of creditable service

For employees hired after January 1, 2007:

At age 55	after 30 years of creditable service
At age 62	after 10 years of creditable service
At age 67	after 7 years of creditable service

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

Survivor's Benefits

Plan B members need ten (10) years of service credit to be eligible for survivor benefits. Upon the death of any member of Plan B with twenty (20) or more years of creditable service who is not eligible for normal retirement, the plan provides for an automatic Option 2 benefit for the surviving spouse when he/she reaches age 50 and until remarriage, if the remarriage occurs before age 55.

A surviving spouse who is not eligible for Social Security survivorship or retirement benefits, and married not less than twelve (12) months immediately preceding death of the member, shall be paid an Option 2 benefit beginning at age 50.

Disability Benefits

For Plan B, a member shall be eligible to retire and receive a disability benefit if he/she was hired prior to January 1, 2007, and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of an amount equal to two percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or an amount equal to what the member's normal benefit would be based on the member's current final compensation but assuming the member remained in continuous service until his earliest normal retirement age.

DeSoto Parish Library
Mansfield, Louisiana

Notes to the Financial Statements

December 31, 2017

4. Pension Plan - *Parochial Employees' Retirement System (PERS)* (continued)

Cost-of-Living Increases

The Board is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age sixty-five equal to 2% of the member's benefit paid on October 1, 1977, (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older (LA R.S. 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

Deferred Retirement Option Plan

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for PERS. DROP is an option for that member who is eligible for normal retirement.

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

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

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

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

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

According to state statute, PERS also receives $\frac{1}{4}$ of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. PERS also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as employer contributions and are considered support from nonemployer contributing entities, but are not considered special funding situations.

DeSoto Parish Library
Mansfield, Louisiana

Notes to the Financial Statements
December 31, 2017

4. Pension Plan - Parochial Employees' Retirement System (PERS) (continued)

The Library's contractually required composite contribution rate for the year ended December 31, 2017, was 8% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the Library were \$71,356 for the year ended December 31, 2017.

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 \$116,314 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of December 31, 2016, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Library's proportion of the Net Pension Liability was based on a projection of the Library's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2016, the Library's proportion was .895360%, which was a decrease of .136283% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the Library recognized pension expense of \$59,954 plus or minus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$232.

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	\$ -	\$ (33,200)
Changes of assumptions	13,873	-
Net difference between projected and actual earnings on pension plan investments	116,123	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,305	(793)
Differences between contributions remitted to the system and the employer's proportionate share recognized in pension expense	232	-
Employer contributions subsequent to the measurement date	64,495	-
Total	\$ 197,028	\$ (33,993)

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ended December 31	
2018	33,573
2019	41,300
2020	28,016
2021	(2,836)
	100,053

DeSoto Parish Library
Mansfield, Louisiana

Notes to the Financial Statements
December 31, 2017

4. Pension Plan - *Parochial Employees' Retirement System (PERS)* (continued)

Actuarial Assumptions

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

Valuation Date	December 31, 2016
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Life	4 Years
Investment Rate of Return	7.00%, net of investment expense, including inflation
Projected Salary Increases	5.25% (2.75% Merit/2.5% Inflation)
Mortality Rates	RP-2000 Employee Table Sex Distinct Table was selected for employees. RP-2000 Healthy Annuitant Sex Distinct Tables were selected for annuitants and beneficiaries RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.
Inflation Rate	2.50%

The discount rate used to measure the total pension liability was 7.00% for Plan B. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contributions rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.66% for the year ended December 31, 2016.

DeSoto Parish Library
Mansfield, Louisiana

Notes to the Financial Statements
December 31, 2017

4. Pension Plan - Parochial *Employees' Retirement System (PERS)* (continued)

Best estimates of arithmetic real rates of return for each major class included in the System's target asset allocation as of December 31, 2016, are summarized in the following table:

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

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2010 through December 31, 2014. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. The RP-2000 Healthy Annuitant Mortality Sex Distinct Tables (set forward two years for males and set forward one year for females) projected to 2031 using Scale AA was selected for annuitants and beneficiaries. For disabled annuitants, the RP-2000 Disabled Lives Mortality Table set back 5 years for males and 3 years for females was selected. For active employees, the RP-2000 Employee Sex Distinct Tables set back 4 years for males and 3 years for females was used.

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

The following presents the Library's proportionate share of the Net Pension Liability using the discount rate of 7.00%, as well as what the Library's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower (6.00%) or one percentage-point higher (8.00%) than the current rate:

	1% decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Employer's proportionate share of net pension liability	\$ 442,195	\$ 116,314	\$ (158,775)

5. Compensated Absences

Compensated absences represent accumulated and vested employee leave benefits computed in accordance with GASB Codification Section C60. For the portion of the salaries paid by the DeSoto Parish Library, the cost of current leave privileges, computed in accordance with GASB Codification Section C60 is recognized as current-year expenditure in the governmental funds when leave is actually taken. As of December 31, 2017, the Library's compensated absences payable amounted to 3,580.04 hours with a resulting liability of \$49,139.

DeSoto Parish Library
Mansfield, Louisiana

Notes to the Financial Statements
December 31, 2017

6. On-Behalf Payments

For 2017, the Library received non-employer cash contributions to be used for retirement plan contributions on-behalf of the Parish's employees as follows:

Plan	Amount
Parochial Employees' Retirement System of Louisiana	\$ 10,828

7. Subsequent Events

Management has evaluated subsequent events through June 25, 2018, which is the date the financial statements were available to be issued and determined that no events occurred that require disclosure. No events occurring after this date have been evaluated for inclusion in these financial statements.

8. Restatement of Fund Balance and Net Position

The Parish has determined that certain transactions were recorded incorrectly in the prior year.

In the government-wide statements, accumulated depreciation was miscalculated. This resulted in a net increase in net position of \$834,318.

Beginning Net Position	\$ 24,291,648
Capital Assets, net	<u>834,318</u>
Restated Net Position	<u>\$ 25,125,966</u>

REQUIRED SUPPLEMENTARY INFORMATION
(PART II)

DESOTO PARISH LIBRARY
Mansfield, Louisiana

BUDGETARY COMPARISON SCHEDULE -- GENERAL FUND
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive(Negative)
REVENUES				
Sales and use tax	\$ 1,604,210	\$ 1,604,210	\$ 2,680,470	\$ 1,076,260
Ad valorem tax	-	-	129	
Charges for services	36,807	36,807	38,778	1,971
Operating grants and contributions	1,640	1,640	1,275	(365)
Investment earnings	180,567	180,567	94,849	(85,718)
TOTAL REVENUES	<u>1,823,224</u>	<u>1,823,224</u>	<u>2,815,501</u>	<u>992,148</u>
EXPENDITURES				
Personal services & related benefits	1,560,858	1,582,200	1,493,469	88,731
Operating expenses	263,715	263,245	302,206	(38,961)
Material & supplies	121,400	133,900	112,960	20,940
Travel & other charges	5,000	5,000	3,190	1,810
Capital outlays	154,546	150,546	139,932	10,614
TOTAL EXPENDITURES	<u>2,105,519</u>	<u>2,134,891</u>	<u>2,051,757</u>	<u>83,134</u>
NET CHANGE IN FUND BALANCE	(282,295)	(311,667)	763,744	1,075,282
OTHER FINANCING SOURCES (USES)				
Sale of Assets	-	-	3,065	3,065
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>-</u>	<u>-</u>	<u>3,065</u>	<u>3,065</u>
EXCESS (Deficiency) of REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES	(282,295)	(311,667)	766,809	1,078,347
FUND BALANCE				
Beginning of the year, restated	14,121,196	14,121,196	14,121,196	-
End of the year	<u>\$ 13,838,901</u>	<u>\$ 13,809,529</u>	<u>\$ 14,888,005</u>	<u>1,078,347</u>

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

DESOTO PARISH LIBRARY
Mansfield, Louisiana

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
For year ended December 31, 2017

Year	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability
Parochial Employees' Retirement System (PERS)					
2017	0.89536%	\$ 116,314	\$ 891,951	13%	95.5%
2016	0.75908%	\$ 135,150	\$ 946,797	14%	93.5%
2015	1.04105%	\$ 2,891	\$ 954,630	0.30%	99.1%

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

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

DESOTO PARISH LIBRARY
Mansfield, Louisiana

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

For year ended December 31, 2017

Year	Statutorily Required Contributions	Contributions in Relation to Statutorily Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
Parochial Employees' Retirement System (PERS)					
2017	\$ 64,495	\$ 64,495	\$ -	\$ 806,188	8.0%
2016	\$ 71,356	\$ 71,356	\$ -	\$ 891,951	8.0%
2015	\$ 85,412	\$ 85,412	\$ -	\$ 946,797	9.0%

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

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

DESOTO PARISH LIBRARY
Mansfield, Louisiana

Notes to Required Supplementary Information
As of and for the Year ended December 31, 2017

Budgetary Information

The Library uses the following budget practices:

The proposed budget for the General Fund is prepared on the modified accrual basis of accounting and is made available for public inspection at least fifteen days prior to the beginning of each fiscal year. The budget is then legally adopted by the Library and amended during the year, as necessary. The budget is established and controlled by the Library at the object level of expenditure. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. All changes or amendments to the budget must be approved by the Library Board.

Formal budgetary integration is employed as a management control device during the year, and encumbrance accounting is not used by the Library. The budget was amended during the year.

The Louisiana Local Government Budget Act provides that "the total 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 respective estimated fund balances at the beginning of the year and the anticipated revenues for the current year. Amendments to the adopted budget are required if total revenues fail to meet budgeted revenues by 5% or more, and/or total actual expenditures exceed total budgeted expenditures by 5% or more. Total revenues were more than budgeted revenues. Actual expenditures were less than budgeted amounts. The DeSoto Library is in compliance with the Local Government Budget Act.

Pension Information

Changes of Benefit Terms

There were no changes of benefit terms for the year ended December 31, 2017

Changes of Assumptions

There were no changes of benefit assumptions for the year ended December 31, 2017.

OTHER SUPPLEMENTAL INFORMATION

DESOTO PARISH LIBRARY
Mansfield, Louisiana

**Schedule of Compensation, Benefits and Other Payments
to Agency Head or Chief Executive Officer
For the year ended December 31, 2017**

Purpose:	Delbert Terry Director
Salary	\$ 73,008
Benefits- insurance	21,285
Benefits- retirement	10,080
Benefits- other	-
Car Allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	1,224
Membership dues	263
Conferences and seminars	75
Continuing professional education fees	-
Cell phone	-
Unvouchered expenses	-
Special meals	-
Total	<u>\$ 105,935</u>

OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS

The following independent auditor's report on internal control over financial reporting and on compliance and other matters is presented in compliance with requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States.



Dees Gardner, Certified Public Accountants, LLC

Deborah D. Dees, CPA/CFF

Maura Dees Gardner, CPA, CFE

122 Jefferson Street

Mansfield, Louisiana

318-872-3007

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Control
DeSoto Parish Library
Mansfield, 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 major fund of the DeSoto Parish Library, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated June 25, 2018.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the DeSoto Parish Library's internal control over financial reporting 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 DeSoto Parish Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the DeSoto Parish 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 DeSoto Parish Library's, financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standard*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Library's internal control or on compliance. This report is an integral part of any 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. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 21:513 this report is a public document.

Dees Gardner, Certified Public Accountants, LLC

Mansfield, Louisiana
June 25, 2018

**DESOTO PARISH LIBRARY
Mansfield, Louisiana**

**Schedule of Findings
For the Year Ended December 31, 2017**

A. SUMMARY OF AUDIT RESULTS

The following summarize the audit results in accordance with Uniform Guidance:

1. An unmodified opinion was issued on the financial statements of the DeSoto Parish Library as of and for the year ended December 31, 2017.
2. The audit disclosed no instances of material weakness in internal control.
3. The audit disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

B. FINDINGS IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The following finding relates to the financial statements and is required to be reported in accordance with *Government Auditing Standards*.

Internal Control-

None.

Compliance-

None.

**DESOTO PARISH LIBRARY
Mansfield, Louisiana**

**Schedule of Prior Year Findings
For the Year Ended December 31, 2017**

2016-1 Inadequate Design of Internal Control over Financial Statement Preparation.

Resolved.

2016-2 Violation of Audit Law.

Resolved.

2016-3 Code of Governmental Ethics Section 1112 Violation – Participation in certain transactions involving the governmental entity.

Resolved.

2016-4 Budget Law Violation.

Resolved.

2016-5 Failure to Maintain Records of its Capital Assets.

Resolved.

OTHER REPORT



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Independent Accountant's Report On Applying Agreed-Upon Procedures

To the DeSoto Parish Library
Board of Control and the
Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the DeSoto Parish 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's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
Written policies and procedures were obtained and were not found to specifically address budgeting.
 - 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.
Written policies and procedures were obtained and address the functions noted above.
 - c) **Disbursements**, including processing, reviewing, and approving
Written policies and procedures were obtained and address the functions noted above.
 - d) **Receipts**, including receiving, recording, and preparing deposits
Written policies and procedures were obtained and address the functions noted above.
 - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
Written policies and procedures were obtained and address the functions noted above.
 - 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

Written policies and procedures were obtained and address all of the functions noted above except for standard terms and conditions.

- 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

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

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

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

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

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

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

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

Management Response: *Management will review the current policies and procedures and make any changes that are warranted.*

Board (or Finance Committee, if applicable)

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

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

The Library Board of Control met at least quarterly with a quorum in accordance with the Library Board of Control by-laws.

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

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

The minutes included monthly budget-to-actual comparisons and referenced discussion on them.

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

Non-budgetary financial information was referenced in at least one meeting.

Bank Reconciliations

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

A listing of client bank accounts from management and management's representation that the listing is complete were obtained.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
 - a) Bank reconciliations have been prepared;

Bank statements and reconciliations for all months in the fiscal period were obtained. The reconciliations have been prepared for all months for each of the entity's three total accounts.
 - b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

Bank statements and reconciliations for all months in the fiscal period were obtained. Evidence of management review is present.
 - 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.

In one of the accounts, there were items observed that have been outstanding beyond six months that do not appear to have been researched.

Management Response: Management will review and address the outstanding items noted above.

Collections

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

A listing of cash collection locations and management's representation that the listing was complete were obtained.
6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**
 - a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

Entity has general bonding that covers its cash collectors and has separation of duties for collections, depositing and recording. A shared drawer is utilized.
 - b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

No exceptions were noted as a result of this procedure.
 - c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the

deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

The highest (dollar) week of cash collections for the selected location was obtained along with collection documentation, deposit slips, & bank statements. Given the amount and frequency of collections received, the written policy and procedure in place for entity calls for weekly deposits, not daily deposits. This practice was observed in part but could not be completely verified because sufficient documentation was not found.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Sufficient documentation was not found to completely support cash collections.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

The entity does have a formal written procedure for determining completeness of collections, however, this written procedure was not found to be utilized.

Management Response: *Management does not currently have sufficient collections to justify daily deposits. In the event collections increase to necessitate a change to this deposit frequently, warranted changes will be made. Management will begin implementing existing policies governing collections to ensure all collections are being documented.*

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

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

A listing of disbursements from management and management's representation that the listing was complete were obtained.

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

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

The supporting documentation for the 25 disbursements selected was reviewed and a requisition/purchase order system or equivalent electronic system was not found to be used.

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

No purchase order system found to be utilized.

- 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.

No purchase order system found to be utilized, however, no payment was found to be authorized without an approved invoice.

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

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

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

Entity electronically prints checks on blank check stock. No signatory authorities have system access to print checks.

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

The entity does not utilize a signature stamp. Signed checks are routinely mailed on the same day checks are signed.

Management Response: *Management will review its procedures regarding disbursements and make changes that are practical and warranted regarding use of a purchase order system.*

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

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

A listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards and management's representation that the listing was complete was obtained.

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

There were three card accounts with a total of eight cards active during the fiscal period and they were selected for testing.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

Monthly statements were obtained for the selected cards, and there was evidence that each statement was reviewed and approved by the management.

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

Monthly statements were obtained for the selected cards and no finance charges and/or late fees were found.

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

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

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

One reviewed transaction was missing a receipt or other documentation to confirm what was purchased.

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

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

No exceptions were noted as a result of this procedure

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions were noted as a result of this procedure.

Management Response: *To address lost receipts, Management will review adoption of a lost receipt form as part of the policies and procedures.*

Travel and Expense Reimbursement

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

A listing of all travel and related expense reimbursements by person during the fiscal period was obtained. Management's representation that the listing was complete was obtained.

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

The entity's written policies relating to travel and expense reimbursements were obtained. The entity utilized mileage reimbursement rates as established by the State of Louisiana and per diem rates as established by GSA.

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

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

No exceptions were noted as a result of applying this procedure.

- b) Report whether each expense is supported by:

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

No exceptions were noted as a result of applying this procedure.

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

No exceptions were noted as a result of applying this procedure.

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

No exceptions were noted as a result of applying this procedure.

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

No exceptions were noted as a result of applying this procedure.

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

No exceptions were noted as a result of applying this procedure.

Contracts

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

A listing of all contracts in effect and management's representation that the listing is complete was obtained.

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

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

One formal written contract was found for the selected vendors.

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

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).
There were no instances of noncompliance noted as a result of applying this procedure.
 - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
There were no instances of noncompliance noted as a result of applying this procedure.
- b) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
There were no instances of noncompliance noted as a result of applying this procedure.
- c) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
There were no instances of noncompliance noted as a result of applying this procedure.
- d) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).
There were no instances of noncompliance noted as a result of applying this procedure.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:
- Obtained listing of employees (and elected officials, if applicable) with their related salaries and management's representation that the listing was complete.*
- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
No exceptions were noted as a result of applying this procedure.
- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.
No exceptions were noted as a result of applying this procedure.
23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:
- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
No exceptions were noted as a result of applying this procedure.
- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

No exceptions were noted as a result of applying this procedure.

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

No exceptions were noted as a result of applying this procedure.

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

No exceptions were noted as a result of applying this procedure.

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

No exceptions were noted as a result of applying this procedure.

Ethics (excluding nonprofits)

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

No exceptions were noted as a result of applying this procedure.

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

Management asserted that they have received no allegations during the fiscal period.

Debt Service (excluding nonprofits)

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

No debt was issued during the fiscal period.

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

No debt was maintained during the fiscal period.

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

No debt was maintained during the fiscal period.

Other

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

Management has asserted that the entity did not have any misappropriations of public funds or assets.

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

The entity maintains a website and has the notice posted there and on its premises.

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

No exceptions were observed or identified regarding management's representations in the procedures above.

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

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

Dees Gardner, Certified Public Accountants, LLC

Mansfield, LA
June 25, 2018