

**JEFFERSON DAVIS PARISH LIBRARY**  
Jennings, Louisiana

Annual Financial Statements  
As of and for the Year Ended December 31, 2017

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Certified Public Accountant

A Professional Accounting Corporation

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## INDEPENDENT AUDITOR'S REPORT

Board of Control  
Jefferson Davis Parish Library  
Jennings, Louisiana

### Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities and the major fund information of the Jefferson Davis Parish Library, a component unit of the Jefferson Davis 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 Jefferson Davis Parish 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

### Opinions

In my 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 information of the Jefferson Davis Parish Library, as of December 31, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Management has omitted a management's discussion and analysis that accounting principles generally accepted in the United States require to be presented to supplement the basic financial statements. Such missing 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 26 to 27 and the required supplementary information entitled Additional Pension/ Retirement Information on pages 28 to 30 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. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### *Other Supplementary Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Library's financial statements as a whole. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements.

The accompanying other supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 accompanying other supplementary information, as listed in the table of contents, 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*, I have also issued my report dated June 18, 2018 on my consideration of Jefferson Davis Parish Library's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and 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 Jefferson Davis Parish Library's internal control over financial reporting and compliance.

*Mike B. Gillespie, CPA, APAC*

Jennings, Louisiana  
June 18, 2018

## **BASIC FINANCIAL STATEMENTS**

**JEFFERSON DAVIS PARISH LIBRARY**  
**Governmental Funds Balance Sheet / Statement of Net Position**  
**December 31, 2017**

**Statement A**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>ASSETS</b>			
Cash	102,827		102,827
Investments	602,509		602,509
Receivables:			
Due from other governments:			
Property taxes	1,120,491		1,120,491
State revenue sharing	20,188		20,188
Deposits	11,050		11,050
Prepaid Expenses	24,938		24,938
Capital assets, net of accumulated depreciation	-	2,529,306	2,529,306
Total Assets	<u>1,882,003</u>	<u>2,529,306</u>	<u>4,411,309</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflow amounts on pension	-	169,265	169,265
Total Deferred Outflows of Resources	<u>-</u>	<u>169,265</u>	<u>169,265</u>
<b>LIABILITIES</b>			
Accounts payable	24,061		24,061
Payroll and related liabilities	11,803		11,803
Compensated absences	-	5,851	5,851
Long-term liabilities:			
Net pension liability	-	126,065	126,065
Total Liabilities	<u>35,864</u>	<u>131,916</u>	<u>167,780</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred property tax revenue	1,227,319		1,227,319
Deferred state revenue sharing revenue	30,282		30,282
Deferred inflow amounts on pension		22,907	22,907
Total Deferred Inflows of Resources	<u>1,257,601</u>	<u>22,907</u>	<u>1,280,508</u>
<b>FUND BALANCE</b>			
Nonspendable-prepaid expense	24,938	(24,938)	-
Unassigned	563,600	(563,600)	-
Total Fund Balance	<u>588,538</u>	<u>(588,538)</u>	<u>-</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balance	<u>\$ 1,882,003</u>		
<b>NET POSITION</b>			
Investment in capital assets		2,529,306	2,529,306
Unrestricted		602,980	602,980
Total Net Position		<u>\$ 3,132,286</u>	<u>3,132,286</u>

The accompanying notes are an integral part of this statement.



**JEFFERSON DAVIS PARISH LIBRARY**  
**Statement of Governmental Fund Revenues, Expenditures, and**  
**Changes in Fund Balances / Statement of Activities**  
**For the Year Ended December 31, 2017**

**Statement C**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>EXPENDITURES/ EXPENSES</b>			
<b>Current</b>			
Culture and Recreation-Library Services:			
Salaries and related benefits	\$ 546,818	21,720	568,538
Operating services	235,180		235,180
Materials and supplies	53,359		53,359
Travel and other charges	15,266		15,266
Deduction from property taxes	37,518		37,518
Depreciation expense		148,424	148,424
<b>Capital outlay</b>	<u>114,621</u>	<u>(114,621)</u>	<u>-</u>
Total Expenditures / Expenses	<u>1,002,762</u>	<u>55,523</u>	<u>1,058,285</u>
<b>PROGRAM REVENUES</b>			
Fees, fines and other charges for service	16,814		16,814
Operating grants and contributions	49,546		49,546
Total Program Revenues	<u>66,360</u>	<u>-</u>	<u>66,360</u>
Net Program Expenses			<u>(991,925)</u>
<b>GENERAL REVENUES</b>			
Property taxes, levied for general purposes	1,202,567	(2,065)	1,200,502
State revenue sharing	30,390		30,390
Interest earnings	8,700		8,700
Miscellaneous	2,850	-	2,850
Total General Revenues	<u>1,244,507</u>	<u>(2,065)</u>	<u>1,242,442</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>			
	308,105	(308,105)	-
<b>CHANGE IN NET POSITION</b>			
		<u>250,517</u>	<u>250,517</u>
<b>FUND BALANCE / NET POSITION:</b>			
Beginning of the Year, as restated	<u>280,433</u>	<u>2,601,336</u>	<u>2,881,769</u>
End of the Year	<u>\$ 588,538</u>	<u>2,543,748</u>	<u>3,132,286</u>

The accompanying notes are an integral part of this statement.



## NOTES TO THE BASIC FINANCIAL STATEMENTS

# JEFFERSON DAVIS PARISH LIBRARY

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### INTRODUCTION

The Jefferson Davis Parish Library (Library) was established by the parish governing authority under the provisions of Louisiana Revised Statute 25:211. The Library provides citizens of the parish access to library materials, books, magazines, records, and films. The Library is governed by a board of control that is appointed by the parish police jury in accordance with the provisions of Louisiana Revised Statute 25:214. The members of the board of control serve without pay. The Library operates through four facilities in Jefferson Davis Parish. The main facility is in Jennings, and others are located in Elton, Welsh, and Lake Arthur. The library has approximately twenty employees.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. BASIS OF PRESENTATION

The accompanying basic financial statements of the Library have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. 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.

#### B. REPORTING ENTITY

The Library does not possess all the corporate powers necessary to make it a legally separate entity from the Jefferson Davis Parish Police Jury, which holds the library's corporate powers. For this reason, the Library is a component unit of the Jefferson Davis Parish Police Jury, the financial reporting entity.

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

#### C. FUND ACCOUNTING

The Library uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Library functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

#### Governmental Funds

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

**JEFFERSON DAVIS PARISH LIBRARY  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

**General Fund** – the primary operating fund of the Library and it accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to Library policy.

**D. MEASUREMENT FOCUS / BASIS OF ACCOUNTING**

**Fund Financial Statements (FFS)**

The amounts reflected in the General Fund of Statements A and B are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenue, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of Library operations.

The amounts reflected in the General Fund of Statements A and B use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Library considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

**Revenues**

Ad valorem taxes and the related state revenue sharing (which is based on population and homesteads in the parish) are recognized as revenue in the period for which levied, thus the 2016 property taxes which are being levied to finance the 2017 budget will be recognized as revenue in 2017. The 2017 tax levy has been recorded as deferred revenue in the Library's 2017 financial statements. Charges for services are recorded when earned since they are measurable and available. Fines, forfeitures, and miscellaneous revenues are recorded as revenues when received in cash by the Library because they are generally not measurable until actually received. Grant revenues are recognized at the time the Library is entitled to the funds. Interest income represents amounts earned on deposits and investments with financial institutions. Interest earned is recorded when earned and available.

**Expenditures**

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for vacation leave, which is recognized when paid. Allocations of cost such as depreciation are not recognized in the governmental funds.

**JEFFERSON DAVIS PARISH LIBRARY  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

**Government-Wide Financial Statements (GWFS)**

The column labeled Statement of Net Position (Statement A) and the column labeled Statement of Activities (Statement B) display information about the Library as a whole. These statements include all the financial activities of the Library. Information contained in these columns reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

**Program Revenues** – Program revenues included in the column labeled Statement of Activities (Statement B) are derived directly from Library users as a fee for services; program revenues reduce the cost of the function to be financed from the Library’s general revenues.

**E. INVESTMENTS**

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955. The Library does not have a formal investment policy.

State statutes authorize the Library to invest in United States bonds, treasury notes and bills, or certificates or time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

Investments are stated at fair value as established by open market, except for LAMP. The Library’s only investment during the year was in LAMP. LAMP is an external investment pool which is operated in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940. In accordance with GASB Statement 59, *Financial Instruments Omnibus*, the Library has stated their investments in LAMP at the pool’s net asset value share price as determined by the pool. The investments in LAMP are stated at fair value and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

**F. ACCOUNTS RECEIVABLE**

The financial statements for the Library contain an allowance for uncollectible accounts of \$25,047. Uncollectible amounts for ad valorem taxes are estimated and recognized as bad debts based on historical trends and amounts for other receivables are recognized at the time information becomes available which would indicate the collectability of the particular receivable.

**G. PREPAID EXPENSES**

Prepaid items are recorded as assets on the balance sheet and statement of net position. The Library uses the consumption method to recognize these items as expenses in the period in which the service applies or the goods are utilized.

**JEFFERSON DAVIS PARISH LIBRARY  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

**H. CAPITAL ASSETS**

**Fund Financial Statements**

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

**Government-wide Financial Statements**

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets, except the library collections, purchased or acquired with an original cost of \$1,000 or more are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. The library collection is valued at historical cost. Library collection items disposed of are accounted for at 100% of the average cost of the item. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred.

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

Buildings and building improvements	40 years
Furniture and fixtures	5 – 12 years
Vehicles	5 years
Library Collections	7 years

**I. NON-CURRENT LIABILITIES**

The accounting treatment of non-current liabilities depends on whether they are reported in the government-wide or fund financial statements.

**Fund Financial Statements**

Non-current liabilities for governmental funds are not reported as liabilities in the fund financial statements.

**Government-wide Financial Statements**

All non-current liabilities to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term obligation consists of net pension liability.

**J. COMPENSATED ABSENCES**

All full-time staff members accrue vacation leave on January 1 of each year for work performed during the previous 12 months. One-half of the vacation leave earned each year may be carried forward. All fulltime employees receive 10 days of vacation. All employees who work 5 cumulative years will be given an additional day of vacation each anniversary of employment until the employee reaches a

**JEFFERSON DAVIS PARISH LIBRARY  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

maximum of 20 days of vacation. Part time employees working half time or more on a regular schedule receive the same proportionate vacation allowance as is given full time staff employees. Employees working less than half time or on a temporary basis receive no vacation time. Employees are allowed one day sick leave per month and may accumulate up to 60 days of sick leave. Upon termination of employment, employees may be paid for accumulated unused vacation leave.

Vacation and compensatory time that is expected to be liquidated with expendable available financial resources is reported as expenditures and a fund liability in the fund financial statements. The amount not expected to be paid with current resources is not reported in the fund financial statements. The entire compensated absence liability is reported in the government-wide financial statements.

**K. PENSION/ RETIREMENT SYSTEM**

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

**L. DEFERRED OUTFLOW/ INFLOWS OF RESOURCES**

In addition to assets the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future periods(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. All of the items that qualify for reporting in this category are related to pension amounts. See pension/ retirement footnote for further details of these items. No deferred outflows of resources affect the governmental funds financial statements in the current year.

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

In the current year, this separate financial statement element reflects an increase in net assets that applies to a future period. Deferred inflow of resources reported in the accompanying statements relate to property tax revenues and state revenue sharing revenues assessed in 2017, but levied to finance the Library's 2018 expenditures. The Library will not recognize the related revenues until 2018. Additionally, items related to pension amounts qualify for reporting in this category. See pension/ retirement footnote for further details of these items.

**M. FUND EQUITY**

**Fund Financial Statements**

Governmental funds can report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification

**JEFFERSON DAVIS PARISH LIBRARY  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

includes amounts that cannot be spent because they are either (a) not in spendable form- prepaid items or inventories; or (b) legally or contractually required to be maintained intact. The spendable portion of the fund balance can be comprised of the remaining four classifications: restricted, committed, assigned, and unassigned defined as follows:

Restricted fund balance- This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance- These amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the organization's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance- This classification reflects the amounts constrained by the organization's "intent" to be used for specific purposes, but are neither restricted nor committed. The Board has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance- This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Library's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Library's policy to use fund balance in the following order: (1) Committed, (2) Assigned, (3) Unassigned.

**Government-wide Financial Statements**

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Equity on the government-wide financial statements is classified as net position and displayed in three categories:

Net investment in capital assets – Consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by the balances of deferred outflows of resources related to those assets.

Restricted net position – Net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the Library's bonds. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – Consists of all other net position that does not meet the definition of the above two components and is available for general use by the Library.

**JEFFERSON DAVIS PARISH LIBRARY  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

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

**N. 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 reported period. Accordingly, actual results could differ from those estimates.

**2. LEVIED TAXES**

The following is a summary of authorized and levied property taxes:

	Authorized		
	Millage	Levied Millage	Expiration Date
Parish-wide tax	5.78	5.78	2018

Property taxes are levied each November 1<sup>st</sup> on the assessed value listed as of the prior January 1<sup>st</sup> for all real property, merchandise and movable property located in the Parish. Assessed values are established by the Jefferson Davis Parish Assessor’s Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. Taxes are due and payable December 31<sup>st</sup> with interest being charged on payments after January 1<sup>st</sup>. Taxes can be paid through the tax sale date which is usually in June. Properties for which taxes have not been paid are sold for the amount of the taxes. Taxes levied November 1, 2016 and the related state revenue sharing is for budgeted expenditures in 2017 and will be recognized as revenue in 2017.

**3. DEPOSITS AND INVESTMENTS**

**Bank Deposits**

The year end balances of deposits are as follows:

<u>Deposit Type</u>	<u>Bank Balances</u>	<u>Reported Amount</u>
Cash –on hand	\$ -	\$ 730
Cash -demand deposits	140,905	102,097
Totals	<u>\$ 140,905</u>	<u>\$ 102,827</u>

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.

Custodial credit risk is the risk that in the event of a bank failure, the Library’s deposits may not be returned to it. The Library’s deposit policy for custodial credit risk requires that all uninsured deposits must

**JEFFERSON DAVIS PARISH LIBRARY  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

be secured with acceptable collateral as defined in LRS 39:1221 valued at market. As of December 31, 2017 the Library had deposits (collected bank balances) totaling \$140,905. As of yearend all deposits were either insured by FDIC coverage or collateralized by securities held by the pledging financial institution’s agent in the name of the Library.

**Investments**

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years) Less Than 1</u>
Louisiana Asset Management Pool (LAMP)	\$ 602,509	\$ 602,509
Totals	<u>\$ 602,509</u>	<u>\$ 602,509</u>

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Library does not have a written investment policy, but does adhere to State laws regarding allowable investments. LAMP has a Standard & Poor’s Rating of AAAm.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in external investment pools are not exposed to custodial credit risk because of their natural diversification and the diversification required by the Securities and Exchange Commission.

LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investments policies are similar to those established by Rule 2a7, which governs registered money market funds. 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. Accordingly, LAMP investments are restricted to securities issued, guaranteed or backed by the U.S. Treasury, the U.S. Government or one of its agencies, enterprises or instrumentalities, as well as repurchase agreements collateralized by those securities. The investments in LAMP are stated at fair value. The fair value of participants’ position is the same as the net asset value of the pool shares. LAMP is designed to be highly liquid to give it participant’s immediate access to their account balances. Investments in LAMP at December 31, 2017 amounted to \$602,509 and are classified on the Statement of Net Position as “Investments”.

LAMP issues financial reports which can be obtained by writing: LAMP, Inc., 228 St. Charles Avenue, Suite 1123, New Orleans, LA 70130.

**JEFFERSON DAVIS PARISH LIBRARY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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

Reported amount of cash on hand	\$	730
Reported amount of deposits		102,097
Reported amount of investments		602,509
Total	\$	<u>705,336</u>
Classified as:		
Cash	\$	102,827
Investments		602,509
Total	\$	<u>705,336</u>

**4. CHANGES IN GENERAL FIXED ASSETS**

A summary of changes in capital assets is as follows:

	Balance Beginning	Additions	Dispositions/ Reclassifica- tions	Balance Ending
Capital assets not being depreciated:				
Land	\$ 118,363	\$ -	\$ -	\$ 118,363
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>118,363</u>	<u>-</u>	<u>-</u>	<u>118,363</u>
Capital assets being depreciated:				
Buildings and improvements	2,722,982	33,266	-	2,756,248
Furniture and equipment	374,112	32,959	-	407,071
Vehicles	185,766	-	-	185,766
Library collections	1,172,910	48,395	(19,942)	1,201,363
Total capital assets being depreciated	<u>4,455,770</u>	<u>114,620</u>	<u>(19,942)</u>	<u>4,550,448</u>
Less accumulated depreciation for:				
Buildings and improvements	577,896	63,246	-	641,142
Furniture and equipment	301,862	18,493	-	320,355
Vehicles	185,766	-	-	185,766
Library collections	945,499	66,685	(19,942)	992,242
Total accumulated depreciation	<u>2,011,023</u>	<u>148,424</u>	<u>(19,942)</u>	<u>2,139,505</u>
Total capital assets being depreciated, net	<u>2,444,747</u>	<u>(33,804)</u>	<u>-</u>	<u>2,410,943</u>
Capital assets, net	\$ <u>2,563,110</u>	<u>(33,804)</u>	<u>-</u>	<u>2,529,306</u>

**JEFFERSON DAVIS PARISH LIBRARY  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

**5. PENSION PLAN**

**General Information about the Pension Plan**

***Plan Description***

The Parochial Employees' Retirement System of Louisiana (PERS) 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.

All permanent parish government employees (except those employed by Orleans, Lafourche and East Baton Rouge Parishes) who work at least 28 hours a week shall become members on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate.

As of January 1997, elected officials, except coroners, justices of the peace and parish presidents may no longer join the Retirement System.

Act 765 of the year 1979, established by the Legislature of the State of Louisiana, revised the PERS to create Plan A and Plan B to replace the "regular plan" and the "supplemental plan". Plan A was designated for employers out of Social Security. Plan B was designated for those employers that remained in Social Security on the revision date. The Library only participates in Plan A, as of December 31, 2017.

PERS is governed by Louisiana Revised Statutes, Title 11, Sections 1901 through 2025, specifically, and other general laws of the State of Louisiana. PERS issues a publicly available financial report that can be obtained at [www.persla.org](http://www.persla.org).

***Benefits Provided***

The following is a description of the plan and its benefits and is provided for general informational purposes only. PERS provides normal retirement, survivor's benefits, deferred retirement option (DROP), and disability benefits. Participants should refer to the appropriate statutes for more complete information.

**Retirement Benefits:**

**A. Normal Retirement**

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

For employees hired prior to January 1, 2007:

1. Any age with thirty (30) or more years of creditable service.
2. Age 55 with twenty-five (25) years of creditable service.
3. Age 60 with a minimum of ten (10) years of creditable service.
4. Age 65 with a minimum of seven (7) years of creditable service.

For employees hired after January 1, 2007:

1. Age 55 with 30 years of service.
2. Age 62 with 10 years of service.
3. Age 67 with 7 years of service.

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

**JEFFERSON DAVIS PARISH LIBRARY  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

For employees hired prior to January 1, 2007:

1. Age 55 with thirty (30) years of creditable service.
2. Age 60 with a minimum of ten (10) years of creditable service.
3. Age 65 with a minimum of seven (7) years of creditable service.

For employees hired after January 1, 2007:

1. Age 55 with 30 years of service.
2. Age 62 with 10 years of service.
3. Age 67 with 7 years of service.

Generally, the monthly amount of the retirement allowance of any member of Plan A shall consist of an amount equal to three 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.

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

**B. Survivor Benefits**

Upon the death of any member of Plan A with five (5) or more years of creditable service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children, as outlined in the statutes.

Any member of Plan A, who is eligible for normal retirement at time of death, the surviving spouse shall receive an automatic Option 2 benefit, as outlined in the statutes.

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.

**C. Deferred Retirement Option Plan**

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS**

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 option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account.

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

For individuals who become eligible to participate in the Deferred Retirement Option Plan 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 the System, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of this Plan must agree that the benefits payable to the participant are not the obligations of the state or the System, 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.

**D. Disability Benefits**

For Plan A, a member shall be eligible to retire and receive a disability benefit if they were hired prior to January 1, 2007, and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable 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 A shall be paid a disability benefit equal to the lesser of an amount equal to three percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or three percent multiplied by years of service assuming continued service to age sixty.

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.

**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. (RS 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.

**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 10.52% of member's

**JEFFERSON DAVIS PARISH LIBRARY  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

compensation for Plan A and 7.20% of member’s compensation for Plan B. However, the actual rate for the fiscal year ending December 31, 2016 was 13.00% for Plan A and 8.00% for Plan B.

According to state statute, the System also receives ¼ of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member’s compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities.

The Library’s contractually required employer contribution rate for the year ended December 31, 2017 was 12.5% of annual covered wages. Employer contributions to the pension plan from the Library were \$46,828 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 \$126,065 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 Obligation 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 .061211%, which was a decrease of .000752% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the Library recognized pension expense of \$74,881 plus/(less) employer’s amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$(378).

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflow of Resources</b>
Differences between expected and actual experience	\$ -	\$ 22,060
Net difference between projected and actual earnings on pension plan investments	97,831	-
Changes of Assumptions	23,934	-
Changes in proportion and difference between Employer contributions and proportionate share of contributions	672	847
Employer contribution subsequent to the measurement date	46,828	-
<b>Total</b>	<b>\$ 169,265</b>	<b>\$ 22,907</b>

Deferred outflows of resources of \$46,828 related to pensions resulting from Library contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**JEFFERSON DAVIS PARISH LIBRARY  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

Year ended June 30:		
2018	\$	36,676
2019		39,803
2020		25,696
2021		(2,644)
Thereafter		-

Deferred outflow/inflow resource amounts, except for net difference between projected and actual earnings on pension plan investments, are being recognized in employer's pension expense/(benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. Deferred amounts related to net difference between projected and actual earnings on pension plan investments is being recognized in pension expense/(benefit) using the straight-line method amortization method over a closed five-year period.

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

<b>Valuation Date</b>	December 31, 2016
<b>Actuarial cost method</b>	Entry Age Normal Cost
<b>Amortization approach</b>	Closed
<b>Actuarial assumptions:</b>	
<b>Expected Remaining Service Lives</b>	6 years
<b>Investment rate of return</b>	6.75% net of investment expenses, including inflation
<b>Projected salary increases</b>	5.75%
<b>Cost-of-living adjustments</b>	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 increase not yet authorized by the Board of Trustees.
<b>Mortality</b>	RP-2000 Healthy Annuitant Sex Distinct Tables were selected for annuitants and beneficiaries. RP-2000 employee table set back four years for males and three for female lives of active members. RP-2000 Disabled Lives Mortality Table set back five years for males and three years for females was selected for disabled lives.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are

**JEFFERSON DAVIS PARISH LIBRARY  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

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 and an adjustment for the effect of rebalancing/diversification. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2017, are summarized in the following table.

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity	7.50%
International equity	8.50%
Domestic bonds	2.50%
International bonds	3.50%
Real estate	4.50%
Alternative assets	6.24%

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

The following presents the Library's net pension liability calculated using the discount rate of 7.00%, as well as what the employers' 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:

Plan A:

	<u>1% Decrease 5.75%</u>	<u>Current Discount Rate 6.75%</u>	<u>1% Increase 7.75%</u>
Net Pension Liability (Asset)	\$ 518,531	\$ 152,913	\$ (160,519)

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS September 30, 2017 Annual Financial Report at [www.persla.org](http://www.persla.org).

**Payables to the Pension Plan**

As of December 31, 2017, the Library owed \$0 in legally required contributions to PERS.

**6. LONG-TERM OBLIGATIONS**

The Library did not have any long-term obligations as of December 31, 2017, except for net pension liability as described in Note 5.

**JEFFERSON DAVIS PARISH LIBRARY  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

**7. LITIGATION AND CLAIMS**

At December 31, 2017, the Library is not involved in any litigation and is not aware of any pending claims.

**8. RISK MANAGEMENT**

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The Library carries commercial insurance to cover all of these risks except theft. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**9. ON-BEHALF PAYMENTS FOR FRINGE BENEFITS AND SALARIES**

Retirement plan payments in the amount of \$6,587 were made by the Sheriff, acting in his capacity as Ex Officio Tax Collector, to The Parochial Employees' Retirement System of Louisiana on behalf of the Board. These remittances represent a portion of the ad valorem taxes and state revenue sharing collections which are statutorily set aside for payment to The Parochial Employees' Retirement System of Louisiana on behalf of the Board. These on-behalf payments have been recorded in the accompanying financial statements, in accordance with GASB Statement 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance* as revenues and expenditures in the General Fund.

## REQUIRED SUPPLEMENTAL INFORMATION

**JEFFERSON DAVIS PARISH LIBRARY  
GOVERNMENTAL FUND - GENERAL FUND  
Budgetary Comparison Schedule  
For the Year Ended December 31, 2017**

**Schedule 1**

	Budgeted Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Fees, fines and other charges for service	\$ 15,700	15,500	\$ 16,814	\$ 1,314
Ad valorem taxes	1,111,614	1,190,000	1,202,567	12,567
State revenue sharing	29,421	29,421	30,390	969
Other grants	2,097	47,687	49,546	1,859
Interest earned	3,200	7,800	8,700	900
Proceeds from sale of assets	-	-	-	-
Miscellaneous	400	3,253	2,850	(403)
Total Revenues	<u>1,162,432</u>	<u>1,293,661</u>	<u>1,310,867</u>	<u>17,206</u>
<b>EXPENDITURES</b>				
Culture and recreation:				
Salaries and related benefits	553,068	553,068	546,818	6,250
Operating services	193,015	234,255	235,180	(925)
Materials and supplies	44,300	44,300	53,359	(9,059)
Travel and other charges	20,000	20,000	15,266	4,734
Deduction from ad valorem taxes	40,000	37,518	37,518	-
Capital outlay	227,050	259,725	114,621	145,104
Total Expenditures	<u>1,077,433</u>	<u>1,148,866</u>	<u>1,002,762</u>	<u>146,104</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	84,999	144,795	308,105	163,310
FUND BALANCES BEGINNING OF YEAR	245,000	313,629	280,433	(33,196)
FUND BALANCES END OF YEAR	<u>\$ 329,999</u>	<u>\$ 458,424</u>	<u>\$ 588,538</u>	<u>\$ 130,114</u>

See accompanying note to budgetary comparison schedule.

**JEFFERSON DAVIS PARISH LIBRARY**  
**Notes to Budgetary Comparison Schedule**  
**For the Year Ended December 31, 2017**

**A. BUDGETARY PRACTICES**

**General Budget Practices** The Jefferson Davis Parish Library follows the following procedures in establishing budgetary data reported in the accompanying budgetary comparison schedule:

Pursuant to the Louisiana Government Budget Act (LSA-RS 39:1301-1314), the Jefferson Davis Parish Library is required to adopt an annual budget no later than fifteen days prior to the beginning of each fiscal year.

Each year prior to December 15<sup>th</sup>, the Library’s Director develops a proposed annual budget for the general fund. The budget includes proposed expenditures and the means of financing them. The proposed budget is advertised as available for public inspection at least 10 days prior to final adoption simultaneously with a notice of the date of public hearing. The public hearing is conducted during a board meeting in order to obtain public input. The budget is subsequently adopted by the Board through a formal budget resolution.

General fund appropriations (unexpended budget balances) lapse at end of fiscal year.

Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed.

Formal budget integration (within the accounting records) is employed as a management control device. All budgets are controlled at the object level. Budget amounts included in the accompanying financial statements include the original budget and all subsequent amendments. All budget revisions are approved by the Board of Control.

**Budget Basis of Accounting** The governmental fund budgets are prepared on the modified accrual basis of accounting, a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Legally, the Library cannot budget total expenditures and other financing uses which would exceed total budgeted revenues and other financing sources including beginning fund balance. State statutes require the Library to amend the budget to prevent overall projected revenues, expenditures, or beginning fund balance from causing an adverse budget variance of five percent or more in an individual fund.

**B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN INDIVIDUAL MAJOR FUNDS**

The following budgeted major funds had actual expenditures over budgeted expenditures for the fiscal year:

<u>Fund</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
None	\$	\$	\$

**JEFFERSON DAVIS PARISH LIBRARY**  
**Required Supplementary Information**  
**Additional Pension/ Retirement Information**  
**Schedule of Employer's Proportionate Share of Net Pension Liability**  
**For the Year Ended December 31, 2017\***

**Parochial Retirement System of Louisiana:**

**Plan A:**

Year Ending December 31st	Employer's proportion of 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- employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2017	0.061211%	\$126,065	\$374,623	33.65%	94.15%
2016	0.061963%	163,104	355,266	45.91%	92.23%
2015	0.073283%	20,036	392,686	5.10%	99.15%

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

\*The amounts presented have a measurement date of the previous fiscal year end. Note that the Library did not participate in Plan B during the current fiscal year.

**JEFFERSON DAVIS PARISH LIBRARY**  
**Required Supplementary Information**  
**Additional Pension/ Retirement Information**  
**Schedule of Employer Contributions**  
**For the Year Ended December 31, 2017**

**Parochial Retirement System of Louisiana:**

**Plan A:**

<u>Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
2017	\$ 46,828	\$ 46,828	\$ -	\$ 374,623	12.50%
2016	47,170	47,170	-	362,845	13.00%
2015	51,514	51,514	-	355,266	14.50%

Additional Comments - Note that the Library did not participate in Plan B during the current fiscal year.

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

**JEFFERSON DAVIS PARISH LIBRARY**  
**Required Supplementary Information**  
**Additional Pension/ Retirement Information**  
**Notes to Required Supplementary Information**  
**For the Year Ended December 31, 2017**

**Parochial Retirement System of Louisiana:**

**Plan A:**

**Changes of Benefit Terms:** None.

**Changes of Assumptions:** None.

Additional Comments - Note that the Library did not participate in Plan B during the current fiscal year.

## OTHER SUPPLEMENTARY INFORMATION

**JEFFERSON DAVIS PARISH LIBRARY**  
**Schedule of Compensation, Benefits and Other Payments to Agency Head**  
**or Chief Executive Officer**  
**For the Year Ended December 31, 2017**

**Schedule 5**

Agency Head Name: Linda LeBert Corbello

Salary	\$	71,012
Benefits- insurance		5,647
Benefits- retirement		8,876
Benefits- Medicare		932
Benefits-Southern Life Insurance		268
Benefits-Worker Compensation Insurance		185
Reimbursements		463
Registration fees		384
	\$	<u>87,767</u>

**OTHER REPORTS REQUIRED BY  
GOVERNMENTAL AUDITING STANDARDS**

# Mike B. Gillespie

Certified Public Accountant

A Professional Accounting Corporation

Mike B. Gillespie, CPA, CGMA

Jennifer L. Doucet, CPA, CGMA, MBA  
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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENTAL AUDITING STANDARDS*

Board of Control  
Jefferson Davis Parish Library  
Jennings, Louisiana

I 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 information of the Jefferson Davis Parish Library (Library), a component unit of the Jefferson Davis Parish Police Jury, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements, and have issued my report thereon dated June 18, 2018.

### Internal Control Over Financial Reporting

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

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as finding 2017-1.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

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

*Mike B. Gillespie, CPA, APAC*  
Jennings, Louisiana  
June 18, 2018

**JEFFERSON DAVIS PARISH LIBRARY**  
**Jennings, Louisiana**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For the Year Ended December 31, 2017**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unmodified opinion on the financial statements of the Jefferson Davis Parish Library.
2. One significant deficiency was disclosed during the audit of the financial statements and reported in the 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. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of the Jefferson Davis Parish Library, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. Since the Jefferson Davis Parish Library did not require a Single Audit, a report on significant deficiencies conditions concerning internal control over major federal award programs was not applicable.
5. Since the Jefferson Davis Parish Library did not require a Single Audit, an auditor's report on compliance for the major federal award programs was not applicable.
6. Since the Jefferson Davis Parish Library did not require a Single Audit, a report of audit findings relative to the major federal award programs was not applicable.
7. A management letter was not issued.
8. The programs tested as major programs included:

<u>CFDA No.</u>	<u>Program Name</u>
Not applicable	Not applicable

9. The threshold used for distinguishing between Type A and B federal award programs was not applicable.
10. A statement as to whether the auditee qualified as a low-risk auditee under OMB Circular Q-133 was not applicable.

**SECTION II – INTERNAL CONTROL AND COMPLIANCE FINDINGS**

**2017-1 Internal Control Deficiency in Operation – Purchase Order Policy**

Criteria: Control activities are considered one of the five components of internal control. Control activities consists of the policies and procedures that help ensure that management directives are carried out. A deficiency in operation of a control exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Condition: Written purchase order policy was not followed on some purchases during the year.

**JEFFERSON DAVIS PARISH LIBRARY**  
**Jennings, Louisiana**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For the Year Ended December 31, 2017**

Cause: During a review of cash disbursement controls two invoices out of twenty-five selected did not have a signed authorized purchase order completed before the purchases were made. One invoice was for \$233.45 and the other was for \$1,212.00. Both were for building repairs and/or maintenance expenses.

Effect: Deficiency in operation of a designed control.

Recommendation: Management should review the established written purchase order policy and implement a periodic monitoring of compliance with this policy.

Management's response: We agree with the finding and will consider how best to implement suggested recommendation.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

Not applicable

**JEFFERSON DAVIS PARISH LIBRARY**  
**Jennings, Louisiana**  
**MANAGEMENT'S STATUS OF PRIOR YEAR AUDIT FINDINGS**  
**For the Year Ended December 31, 2017**

**SECTION I –INTERNAL CONTROL AND COMPLIANCE FINDINGS**

No findings reported.

**SECTION II –FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No findings reported.

**SECTION III –MANAGEMENT LETTER**

No findings reported.

\* \* \* \*

THIS REPORT HAS BEEN PREPARED BY MANAGEMENT

**JEFFERSON DAVIS PARISH LIBRARY**  
**Jennings, Louisiana**  
**MANAGEMENT’S CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS**  
**For the Year Ended December 31, 2017**

**SECTION I –INTERNAL CONTROL AND COMPLIANCE FINDINGS**

2017-1 Internal Control Deficiency in Operation – Purchase Order Policy

Condition: Written purchase order policy was not followed on some purchases during the year.

Cause: During a review of cash disbursement controls two invoices out of twenty-five selected did not have a signed authorized purchase order completed before the purchases were made. One invoice was for \$233.45 and the other was for \$1,212.00. Both were for building repairs and/or maintenance expenses.

Recommendation: Management should review the established written purchase order policy and implement a periodic monitoring of compliance with this policy.

Management’s response/ current status: We agree with the finding and will consider how best to implement suggested recommendation.

**SECION II –FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No findings reported.

**SECTION III –MANAGEMENT LETTER**

No findings reported.

\* \* \* \* \*

THIS REPORT HAS BEEN PREPARED BY MANAGEMENT

**Mike B. Gillespie**  
**Certified Public Accountant**  
A Professional Accounting Corporation

Mike B. Gillespie, CPA, CGMA  
\_\_\_\_\_◆\_\_\_\_\_

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**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Control,  
Jefferson Davis Parish Library  
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Jefferson Davis Parish Library (Library) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the year ending December 31, 2017. The Entity'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***

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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

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

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.

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

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

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

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

*Finding: 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.

*Finding: 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

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

- 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

*Finding: With the exception of fuel cards, written policies and procedures pertaining to credit cards were obtained and address 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

*Finding: 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.

*Finding: 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.

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

***Board (or Finance Committee, if applicable)***

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

*Finding: We obtained and reviewed the board/committee minutes for the fiscal period.*

- 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.

*Finding: No exceptions noted.*

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

*Finding: No exceptions noted.*

- 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.

*Finding: No exceptions noted.*

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

*Finding: No exceptions noted.*

### ***Bank Reconciliations***

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

*Finding: Obtained listing of client bank accounts from management and management's representation that listing is complete.*

- 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. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

*Finding: Obtained bank statements and reconciliations for all months in the fiscal year noting that reconciliation have been prepared for all months without exception.*

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

*Finding: Obtained bank statements and reconciliations for all months in the fiscal year noting evidence of management review is included for each bank reconciliation without exception.*

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

*Finding: Not applicable.*

### ***Collections***

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

*Finding: Obtained listing of all cash collection locations and management's representation that the listing is complete.*

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.

*Finding: Written documentation was obtained and address functions (1) and (2) noted above; however, they do not address item (3) because some persons do share the same cash register or drawer with another employee.*

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.

*Finding: Written documentation was obtained and address the functions noted above.*

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.

*Finding: The entity has (5) separate cash collection locations with a combine total of twenty cash collections. With the exception of (4) locations having fifteen out of eighteen cash collections that were deposited more than one day after the date of collection, the remaining collection location's two cash collections tested were deposited within one day of collection. It should be noted that the late deposits were made up of amounts less than \$190 each and most were less than \$60 each.*

*Location (1) with the exception of four cash collections that were deposited two, four, five, and six days after the date of collection, one remaining cash collection tested was deposited within one day of collection.*

*Location (2) the exceptions included all four cash collections were deposited two, four, five, and six days after the date of collection.*

*Location (3) with the exception of five cash collections that were deposited two, four, five, six, and seven days after the date of collection, one remaining cash collection tested was deposited within one day of collection.*

*Location (4) with the exception of two cash collections that were deposited five and six days after the date of collection, one remaining cash collection tested was deposited within one day of collection.*

- 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.

***Finding: No exceptions noted.***

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.

***Finding: Written documentation was obtained and address the functions noted above.***

**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.

***Finding: Listing of disbursements and management's representation that the listing is complete was 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.

***Finding: Of the 25 disbursements selected, 19 of them were for recurring transactions or services that would not require a purchase order system. The remaining 6 purchases were tested without exception.***

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

***Finding: No exceptions noted.***

- 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.

***Finding: No exceptions noted.***

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.

***Finding: The entity's written policy and procedures address the functions noted above without exception.***

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.

***Finding: The entity's written policy and procedures do not address the functions noted above without exception.***

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

***Finding: Per inquiry with management and observation, the supply of blank unused prenumbered checks is maintained in a locked filing cabinet inside bookkeeper's office. Checks can only be accessed by Bookkeeper, who does not have signatory authority.***

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.

***Finding: No signature stamp or signature machine is used.***

#### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

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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.

***Finding: Listing of active credit cards, fuel cards, and name of people who maintain possession of cards along with management's representation that the listing is 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.

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.]

***Finding: No exceptions noted.***

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

***Finding: No exceptions noted.***

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)

***Finding: No exceptions noted.***

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

***Finding: There is no documentation detailing the specific business/public purpose for purchases on credit card or fuel cards.***

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

***Finding: Other documentation that is required by written policy is a purchase order describing the items and quantities to be purchased and approved in writing. There were no approved purchase orders with any credit card purchases.***

- 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.

***Finding: No exceptions noted.***

- 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.

***Finding: No exceptions noted.***

### ***Travel and Expense Reimbursement***

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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.

***Finding: The listing and 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](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

***Finding: Written policy and procedures were obtained and compared to GSA rates. The written policy for meals allows actual cost subject to maximum of \$15 for breakfast, \$25 for lunch, and \$35 for dinner. For 2017 the maximum allowed under this written policy would exceed standard GSA rates for Louisiana. The written policy for lodging allows actual cost subject to maximum of \$150 per night, plus tax and any mandatory surcharges. For 2017 the maximum allowed under this written policy could exceed the standard GSA rates for Louisiana depending on the location of lodging.***

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.

***Finding: The largest travel expense documentation was obtained for each of the three employees that incurred the most travel cost during the fiscal period. The documentation was compared to the entity's written policies and procedures for Travel and Expense Reimbursement. All Travel expense payments were paid or reimbursed in accordance with the entity's written policy and procedures.***

- 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.]

***Finding: No exceptions noted.***

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

***Finding: Exceptions included two out of the three travel expenses paid were not supported by any documentation of the business/public purpose.***

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

***Finding: The entity's written policy and procedures list that authorization for business travel, including travel for training purposes, must be approved in advance by the Director and be in***

**writing. Exceptions included all of the three travel expenses selected were not supported by written documentation of advance approval by the Director.**

- 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.

**Finding: No exceptions noted.**

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

**Finding: No exceptions noted.**

### **Contracts**

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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.

**Finding: A listing of all contracts 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.

**Finding: No exceptions noted.**

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

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

**Finding: No exceptions noted.**

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

**Finding: No exceptions noted.**

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

**Finding: Not applicable.**

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

*Finding: No exceptions noted.*

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

*Finding: Not applicable.*

### ***Payroll and Personnel***

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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:

*Finding: Listing of employees with their related salaries and management's representation that the listing is complete was obtained.*

- 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.

*Finding: No exceptions noted.*

- 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.

*Finding: No exceptions noted.*

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.)

*Finding: No exceptions noted.*

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

*Finding: No exceptions noted.*

- 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.

*Finding: No exceptions noted.*

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.

***Finding: A listing of those employees that were terminated during the fiscal period and management's representation that the listing is complete was obtained. Termination payments were made in strict accordance with policy and approved by management without exception.***

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

***Finding: No exceptions noted.***

### ***Ethics (excluding nonprofits)***

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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.

***Finding: No exceptions noted.***

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.

***Finding: No exceptions noted.***

### ***Debt Service (excluding nonprofits)***

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

***Finding: No debt was issued during 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.

***Finding: No debt was outstanding during 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.

***Finding: Entity had no tax millages for debt service.***

### ***Other***

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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.

***Finding: 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.la.gov/hotline](http://www.la.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

***Finding: No exceptions noted.***

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

***Finding: No exceptions noted.***

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.

***Mike B. Gillespie, CPA, APAC***

Mike B. Gillespie, CPA, APAC  
Jennings, Louisiana  
June 18, 2018