

TANGIPAHOA PARISH LIBRARY
(A Component Unit of the Tangipahoa Parish Government)

Amite, Louisiana

ANNUAL FINANCIAL REPORT

As of and for the year ended

December 31, 2018

TANGIPAHOA PARISH LIBRARY
(A Component Unit of the Tangipahoa parish Government)
Amite, Louisiana

ANNUAL FINANCIAL REPORT
As of and For the Year Ended
December 31, 2018

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Independent Auditor's Report

Wanda McElveen, Chairperson
And Board of Control
Tangipahoa Parish Library
Amite, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the general fund of the Tangipahoa Parish Library, a component unit of the Tangipahoa Parish Council, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Tangipahoa 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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Tangipahoa Parish Library, as of December 31, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information on pages 5 through 9 and 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

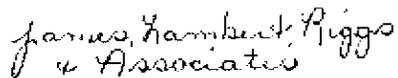
Our audit was conducted for the purpose of forming opinions of the financial statements that collectively comprise the Tangipahoa Parish Library's basic financial statements. The schedule of compensation, benefits, and other payments to agency head and the schedule of board members are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of compensation, benefits, and other payments to agency head and the schedule of board members are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits, and other payments to agency head and the schedule of board members are fairly stated in all material respects in relation the basic financial statements as a whole.

Tangipahoa Parish Library
Amite, Louisiana

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2019, on our consideration of the Tangipahoa Parish Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Tangipahoa Parish Library's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Tangipahoa Parish Library's internal control over financial reporting and compliance.



James Lambert Riggs & Associates, Inc.
Hammond, Louisiana

June 10, 2019

REQUIRED SUPPLEMENTAL INFORMATION
(PART I)

Tangipahoa Parish Library
(A Component Unit of the Tangipahoa Parish Government)

MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the year ended December 31, 2018

General Information

The Tangipahoa Parish Library (Library) is a public library system established in 1944 for the purpose of making available to all citizens of the parish books, other library materials, and technology for education, information, and recreation. The library strives to maintain a program of service to locate information, guide reading, promote literacy and provide the most effective use of library resources.

Management's Discussion and Analysis (MD&A) is a required element of the reporting model adopted by the Government Accounting Standard's Board (GASB) in their statement number 34. Its purpose is to provide an overview of the financial activities of the Library based on currently known facts, decisions, or conditions.

Financial Highlights

Ad valorem taxes reflect an authorized and levied millage of 5.81 mills which resulted in \$3,381,958 of levied 2018 ad valorem tax revenue.

Total revenue for 2018 was \$3,825,060. This revenue includes parish ad valorem taxes, state revenue sharing, grant revenue, charges for photo copies, gifts, fines, interest earnings and miscellaneous fees.

Library expenditures for 2018 totaled \$3,342,802. Expenditures include: library administration - personnel salaries and benefits, operating services - utilities, communications, maintenance of grounds, buildings, and equipment, insurance on facilities, grounds, and vehicles; materials and supplies - office, buildings, grounds, vehicle, and library supplies; travel - continuing education travel and expenses; capital outlay - vehicles, machinery and equipment, major repairs, and library materials; and intergovernmental expenditures - contributions to retirement systems, statutory reimbursements, and the construction of a new library.

Government-Wide Financial Statements

The annual financial report of the Library includes two government-wide financial statements. These statements provide information about the Library using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. The two government-wide financial statements are as follows:

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

The Statement of Activities presents information showing how the Library's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. The purpose of the Statement of Activities is to demonstrate the financial reliance of the governmental type activities or functions of the Library on revenues provided by the taxpayers.

These financial statements are on pages 11 and 12 of this report.

Fund Financial Statements

A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The Library uses a single governmental type fund, the General Fund, to ensure and demonstrate compliance with finance-related laws and regulations. Governmental type funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

Tangipahoa Parish Library
(A Component Unit of the Tangipahoa Parish Government)

MANAGEMENT'S DISCUSSION AND ANALYSIS continued
As of and for the year ended December 31, 2018

These financial statements are on pages 13 to 16 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided within the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18 to 29 of this report.

Other Supplemental Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information. Required supplemental information can be found beginning on page 31 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the Library's net position for the current and prior fiscal year. For more detailed information on the current fiscal year, see the Statement of Net Position on page 11 of this report.

Summary of Net Position

December 31

	2018	2017
Current and Other Assets	\$ 7,467,821	\$ 6,939,160
Restricted asset – net pension asset	116,433	-
Capital Assets, Net	2,887,770	2,928,994
Total Assets	<u>10,472,024</u>	<u>9,868,154</u>
Deferred Outflow of Resources	<u>261,214</u>	<u>445,921</u>
Other Liabilities	322,870	276,467
Net Pension Liability	-	335,540
Total Liabilities	<u>322,870</u>	<u>612,007</u>
Deferred Inflow of Resources	<u>346,319</u>	<u>58,896</u>
Net Position:		
Investment in Capital Assets	2,887,770	2,928,994
Restricted	197,717	101,000
Unrestricted	6,978,562	6,613,178
Total Net Position	<u>\$ 10,064,049</u>	<u>\$ 9,643,172</u>

The Library's assets and deferred outflow at December 31, 2018, exceed liabilities and deferred inflow by \$10,064,049 (net position), with the Library reporting positive balances in all categories of net position. Of the total net position, \$6,978,562 are Unrestricted Net Position. The balance of net position includes a total of \$2,887,770 invested in Capital Assets, which includes the collection and \$ 197,717 restricted for the Hammond branch and net pension asset. The investment in Capital Assets matches the amount recorded for Capital Assets (net of depreciation) since the Library has not incurred, and applicable statutes prohibit the library from incurring, long-term debt.

The largest components of the "Current and Other Assets" category are investments totaling \$3,800,323, consisting of funds deposited within the Louisiana Asset Management Pool, Inc. (LAMP), and receivables consisting of ad valorem tax receivable of \$3,381,959 and state revenue sharing receivable of \$181,080, less an allowance account for uncollectibles of \$41,971 for a total of \$3,521,068.

Tangipahoa Parish Library
(A Component Unit of the Tangipahoa Parish Government)

MANAGEMENT'S DISCUSSION AND ANALYSIS continued
As of and for the year ended December 31, 2018

Other Liabilities totaling \$322,870 consist primarily of accounts payable, payroll related liabilities, and deductions from property tax distributions for pension fund obligations.

As a result of GASB 68, the Library has allocated its proportionated share of the Parochial Employee's Retirement System's net pension asset, deferred outflows of resources, deferred inflows of resources, and pension expense. The Library reports a net pension asset of \$116,433. Decisions regarding the allocations are made by the administrators of the pension plan, not by the Library's management.

Summary of Changes in Net Position
For year ended December 31

	2018	2017
Revenues:		
Program Revenues:		
Charges for Services	\$ 98,191	\$ 106,056
Operating grant	2,000	1,000
General Revenues:		
Ad valorem Taxes	3,404,716	3,199,101
Intergovernmental	181,080	178,076
Interest Income	102,703	52,431
Other	34,606	10,711
Donations	1,764	2,516
Support revenue	11,662	12,035
Total Revenues	3,836,722	3,561,929
Program Expenses	3,415,845	3,575,237
Change in Net Position	420,877	(13,308)
Net Position - Beginning	9,643,172	9,656,480
Net Position - Ending	\$ 10,064,049	\$ 9,643,172

The major component of Program Revenues, totaling \$98,191 consists of charges for fines and fee charges at branch library locations. The major General Revenue sources are ad valorem taxes totaling \$3,404,716, state revenue sharing totaling \$181,080, and interest earnings totaling \$102,703.

The net ad valorem tax increase was \$205,615 from last year. Interest earnings increased \$50,272 from last year.

Program expenses of \$3,415,845, shown in the Summary of Changes in Net Position are not detailed since the level of detail for presentation of expenses on a functional basis would be the same as presented in the Statement of Activities on page 12. The largest expense category was personnel services totaling \$2,006,695.

Other Significant expenses include operating services at \$170,923, materials and supplies at \$145,395, professional services at \$166,997, maintenance of \$133,942, expenses of \$264,660 for stolen, destroyed, and obsolete books, and statutory payments of \$128,823.

Tangipahoa Parish Library
 (A Component Unit of the Tangipahoa Parish Government)

MANAGEMENT'S DISCUSSION AND ANALYSIS continued
As of and for the year ended December 31, 2018

Fund Financial Analysis

As previously noted, the Library's only governmental fund is used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The fund financial statements can be found on pages 13 to 16 of this report. Within the fund statements, the Library recorded an excess of revenues and other sources over expenditures of \$482,258 resulting in a fund balance of \$7,144,951 at December 31, 2018.

Capital Assets

The investment in capital assets, net of accumulated depreciation as of December 31, 2018, was \$2,887,770. There was an overall decrease in net capital assets of \$41,224. An inventory of all assets of the Library was performed in December 2018.

The following table provides a summary of the Library's capital assets (net of depreciation) at the end of the current year as compared to the prior year. For more detailed information, see Note 6 to the financial statements in this report.

Capital Assets (Net of Depreciation)
 December 31

Capital Assets	2018	2017
Library Collection	\$ 2,720,873	\$ 2,787,185
Vehicles	70,436	70,436
Equipment and Furniture	1,106,986	1,068,381
Leasehold Improvements	227,140	196,682
Subtotal	4,125,435	4,122,684
Less: Accumulated Depreciation	(1,237,665)	(1,193,690)
Capital Assets, Net	\$ 2,887,770	\$ 2,928,994

Budgetary Highlights

The Library demonstrated legal compliance by adopting its budget in accordance with provisions of the Local Government Budget Act. As required by state law, actual revenues and other sources were within 5% of budgeted revenues and other sources, and actual expenditures and other uses did not exceed budgeted expenditures and other uses by 5%.

For the general fund, actual revenues and other sources exceeded the original/final budgeted amounts by \$355,060. Actual expenditures and other uses were under the original/final budgeted amounts by \$127,198.

The Library did not amend its budget for FYE December 31, 2018.

Tangipahoa Parish Library
(A Component Unit of the Tangipahoa Parish Government)

MANAGEMENT'S DISCUSSION AND ANALYSIS continued
As of and for the year ended December 31, 2018

Economic Factors and Next Year's Budget

The Library Board of Control and the Director use a conservative approach in determining the 2019 budget figures.

The Library's 2019 budget will show no increase in revenues over 2018.

The 2019 budget for expenditures and other uses will show a \$108,500 decrease.

Conclusion

The Library has continued its programming and services to the public, and maintains an adequate number of staff to support the Library's program. Additional professional level librarians are desirable to facilitate the maximum use of the Library and its services. Enthusiastic staff members continue to develop successful programs. Improving facilities is the Library's biggest challenge.

The annual operations and maintenance budget enables the Library to provide building and ground maintenance.

Contacting the Tangipahoa Parish Library's Administration

This financial report is designed to provide a general overview of the Tangipahoa Parish Library's finances. Questions about this report or requests for additional information may be sent to Barry Bradford, Director, Tangipahoa Parish Library, 204 NE Central Avenue, Amite, LA 70422, telephone (985) 748-7559.

BASIC FINANCIAL STATEMENTS

Tangipahoa Parish Library
(A Component Unit of the Tangipahoa Parish Government)

STATEMENT OF NET POSITION
DECEMBER, 31, 2018

Assets

Cash and cash equivalents	\$	47,090
Investments		3,800,323
Receivables, net		3,521,068
Due from other governments		18,056
Restricted asset – cash		81,284
Restricted asset – net pension asset		116,433
Capital assets, net of accumulated depreciation		<u>2,887,770</u>

Total Assets		<u>10,472,024</u>
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Deferred Outflow of Resources

		<u>261,214</u>
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Liabilities

Accounts and other payables	\$	99,572
Accrued salaries/leave		94,475
Deductions from ad valorem tax		<u>128,823</u>

Total Liabilities		<u>322,870</u>
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Deferred Inflow of Resources

		<u>346,319</u>
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Net Position

Investment in capital assets		2,887,770
Restricted		197,717
Unrestricted		<u>6,978,562</u>

Total Net Position	\$	<u>10,064,049</u>
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The accompanying notes are an integral part of this statement.

Tangipahoa Parish Library
(A Component Unit of the Tangipahoa Parish Government)

STATEMENT OF ACTIVITIES
For the year ended December 31, 2018

Expenses

Library services:		
Personnel services	\$	2,006,695
Operating services		170,923
Communications		89,529
Online subscription services		76,493
Electronic books		19,974
Electronic periodicals		2,550
Rentals		3,465
Maintenance		133,942
Professional services		166,997
Insurance		90,702
Materials and supplies		145,395
Travel		28,323
Tax election		43,399
Intergovernmental		128,823
Stolen, destroyed, or obsolete books		264,660
Depreciation		43,975
Total Expenses		<u>3,415,845</u>

Program Revenues

Fees, fines, and other charges for services	98,191
Operating grant	2,000
Total Program Revenues	<u>100,191</u>

Net Program (Expenses)	<u>(3,315,654)</u>
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General Revenues

Ad valorem taxes	3,404,716
State revenue sharing	181,080
Interest earnings	102,703
Miscellaneous	34,606
Donations – cash	1,764
Support revenue	11,662
Total General Revenues	<u>3,736,531</u>

Change in Net Position	420,877
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Net Position

Beginning of year, Restated	<u>9,643,172</u>
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Net Position – End of year	<u>\$ 10,064,049</u>
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The accompanying notes are in integral part of this statement

Tangipahoa Parish Library
(A Component Unit of the Tangipahoa Parish Government)

BALANCE SHEET - GOVERNMENTAL FUND
GENERAL FUND
December 31, 2018

ASSETS

Cash and cash equivalents	\$	47,090
Investments		3,800,323
Receivables, net		3,521,068
Due from other governments		18,056
Restricted asset - cash		<u>81,284</u>

Total Assets \$ 7,467,821

Liabilities

Accounts and other payables	\$	99,572
Accrued salaries/leave		94,475
Deductions from ad valorem tax		<u>128,823</u>

Total Liabilities 322,870

Fund Balance

Restricted - Hammond	81,284
Committed	1,200,000
Unassigned	<u>5,863,667</u>

Total Fund Balance 7,144,951

Total Liabilities and Fund Balance \$ 7,467,821

The accompanying notes are an integral part of this statement.

Tangipahoa Parish Library
 (A Component Unit of the Tangipahoa Parish Government)

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUND
TO THE STATEMENT OF NET POSITION
December 31, 2018

Fund balance – governmental fund (page 13)	\$	7,144,951
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not Financial resources and therefore are not reported in the governmental fund.</p>		
Governmental capital assets		4,125,435
Less: Accumulated Depreciation		(1,237,665)
<p>Some assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.</p>		
Net pension asset		116,433
<p>Deferred outflow and inflows are not financial resources or currently payable. These consist of:</p>		
Deferred outflow		261,214
Deferred inflows		(346,319)
		(85,105)
Net Position of Government Activities (page 11)	\$	10,064,049

The accompanying notes are an integral part of this statement.

Tangipahoa Parish Library
(A Component Unit of the Tangipahoa Parish Government)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND TYPE - GENERAL FUND
For the year ended December 31, 2018

Revenues		
Ad valorem Taxes	\$	3,404,716
State revenue sharing		181,080
Grant revenue		2,000
Fines and fees		98,191
Interest earnings		102,703
Donations		1,764
Miscellaneous		34,606
Total Revenues		3,825,060
Expenditures		
Personnel services		1,974,876
Operating services		170,923
Communications		89,529
Online subscription services		76,493
Electronic books		19,974
Electronic periodicals		2,550
Rentals		3,465
Maintenance		133,942
Professional services		166,997
Insurance		90,702
Material and supplies		145,395
Travel		28,323
Tax election		43,399
Intergovernmental expenditures		128,823
Capital outlay		267,411
Total Expenditures		3,342,802
Net Change in Fund Balance		482,258
Fund Balance at Beginning of Year, Restated		6,662,693
Fund Balance at End of Year	\$	7,144,951

The accompanying notes are an integral part of this statement.

Tangipahoa Parish Library
(A Component Unit of the Tangipahoa Parish Government)

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
For the year ended December 31, 2018

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

Net change in fund balance - total governmental fund (page 15)	\$	482,258
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		223,436
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds		
Contributions from non-contributing entity. GASB 68		11,662
Some expenses reported in the statement of activities do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds. These differences consist of:		
Stolen, destroyed, or obsolete books		(264,660)
Pension expense for GASB		(31,819)
Change in net position of governmental activities (page 12)	\$	<u>420,877</u>

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

TANGIPAHOA LIBRARY
(A Component Unit of the Tangipahoa Parish Government)
Amite, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

INTRODUCTION

The Tangipahoa Parish Library (Library) was established by the governing authority under the provisions of Louisiana Statue (LSA-RS) 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 of seven members, which are appointed by the Tangipahoa Parish Government in accordance with the provisions of LSA RS 25:214. One member of the Tangipahoa Parish Government serves as an ex-officio member of the Board. The members of the Board of Control serve without pay. Primary financing is provided by ad valorem taxes and state revenue sharing funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

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

This financial report has 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

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the identification of a primary government unit for financial reporting purposes.

The Library does not possess all the corporate powers necessary to make it a legally separate entity from the Tangipahoa Parish Government, which holds the Library's corporate powers. For this reason, the Library is a component unit of the Tangipahoa Parish Government, 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 parish government, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities and changes in net position) report information on all of the nonfiduciary activities of the Library. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Library's only fund, the general fund, is classified as a governmental type activity.

The statement of activities and changes in net position demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. All individual governmental funds and individual enterprise funds are reported as separate columns in fund financial statements. The Library has no proprietary funds.

D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Library implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows, or Resources and Net Position*. GASB 63 provides guidance for reporting deferred outflows or resources, deferred inflows or resources, and net position in a statement of financial position and related disclosures. The reader will note a change in terminology from "net assets" to "net position".

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, was implemented which establishes new financial reporting requirements for governments that provide their employees with pension benefits. Additional information about the Library's net pension liability is presented in the notes the financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period, or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Library reports the following major governmental fund:

The General Fund is the entity's primary operating fund. It accounts for all financial resources of the entity, except those required to be accounted for in another fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict with or contradict guidance of the Governmental Accounting Standards Board.

Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Library has no business-type activities or enterprise funds.

Amounts reported as program revenues, if any, include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

E. DEPOSITS AND INVESTMENTS

Cash and cash equivalents includes cash on hand, amounts in demand deposits, interest-bearing demand deposits, and time deposit accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Library may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the Library may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

Investments for the Library are reported at fair value. The state investment pool (LAMP) operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

F. RECEIVABLES

Receivables are shown net of an allowance for uncollectibles. Uncollectible amounts for property taxes are recorded as a reduction of current revenues.

G. RESTRICTED ASSETS

Certain resources of the Library are set aside for the Hammond branch are classified as restricted assets on the balance sheet because their use is limited per the donor's instructions.

H. CAPITAL ASSETS

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Library maintains a threshold level of \$500 or more for capitalizing vehicles, furniture, and equipment. A threshold level of \$25,000 or more is maintained for leasehold improvements.

Capital assets are recorded in the Statement of Net Position and Statement of Activities. All capital assets, other than the library collection, are depreciated using the straight-line method over the following estimated useful life years:

<u>Assets Class</u>	<u>Life Years</u>
Equipment	3-10
Furniture and Fixtures	3-12
Motor Vehicles	5-10
Leasehold Improvements	Shorter of (1) remaining lease term, or (2) useful life of improvement

The Library board has adopted the policy that the library “collection” will be reported on a composite basis by making adjustments to total value to reflect increases or decrease in total value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

I. **COMPENSATED ABSENCES**

The Library has the following policy relating to vacation and sick leave:

Permanent employees of the Library earn from 9 to 20 days of vacation leave each year, depending on their length of service and job classification. Annual leave may be accumulated up to 1- ½ times the total annual leave, but only ½ of total annual leave may be carried over from one year to another, with minor exceptions. Upon separation, employees are paid at their current rate of pay for accrued leave up to a maximum of 3 weeks. Employees earn 13 days of sick leave each year. Sick leave may be accumulated up to 300 hours but upon separation any accumulated sick leave is forfeited.

In accordance with GASB - 16, *Accounting for Compensated Absences*, no liability has been accrued for unused employee sick leave.

J. **FUND EQUITY**

Governmental fund equity is classified as fund balance. Beginning with fiscal year ending December 31, 2011, the Library implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Non-spendable: This classification includes amounts that cannot be spent because they are either not in spendable form or they are legally contractually required to be maintained intact.

The Library does not have anything that can be classified as Non-spendable Fund Balance.

- Restricted: This classification includes amounts in which the use of resources is constrained either by (a) external impositions by creditors, grantors, contributors, or laws or regulations of other governments or (b) impositions by law through constitutional provisions or enabling legislation.

The Library restricted \$81,284 for the Hammond branch as required by the donors.

- Committed: This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Library’s board, which is the Library’s highest level of decision-making authority. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

The Library board committed \$1,200,000 of fund balance toward the construction of a new Kentwood branch. The commitment was enacted originally through the adoption of the operating budget.

- Assigned: This classification includes amounts that are constrained by the Library’s intent to be used for a specific purpose but are neither restricted nor committed. This intent should be expressed by the Library’s governing body itself or a committee or official to which the governing body has delegated the authority to assigned amounts to be used for specific purposes.

The Library does not have anything that can be classified as Assigned Fund Balance.

- Unassigned: This classification is the residual fund balance for the General Fund. It also represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purpose within the General Fund.

A. Restricted Net Position

For the government-wide statement of net position, equity is classified and displayed in three components:

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

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

When fund balance resources are available for a specific purpose in multiple classifications, the Library will generally use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, the Library’s management reserves the right to selectively spend unassigned resources first and to defer the use of other classified funds.

K. **ESTIMATES**

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

L. **AD VALOREM TAXES**

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes were levied by the Tangipahoa Parish Assessor in October and billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

The Tangipahoa Parish Sheriff on behalf of the Library bills, collects, and remits the property taxes using the assessed values determined by the tax assessor of Tangipahoa Parish. The following is a summary of authorized and levied ad valorem taxes:

	Authorized <u>Millage</u>	Levied <u>Millage</u>	Expiration Date of <u>Millage</u>
General Fund	3.00	3.00	10/01/2028
General Fund	2.81	2.81	10/01/2024

M. ADOPTION OF NEW ACCOUNTING PRINCIPLE

For the year ended December 31, 2018, the following statement was implemented:

1. GASB Statement No. 77, *Tax Abatement Disclosures*, improves financial reporting by providing financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs. As a result of implementation of this statement, additional disclosures related to tax abatements are included in Note 15.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETS

The Library uses the following budget practice:

The Library adopts a budget for the General Fund on the modified accrual basis each year. The budget for the fiscal year ended December 31, 2018, was adopted on November 26, 2017. The budget is monitored by the Board of Control and amended by the Tangipahoa Parish Government as needed at the request of the Board of control. The budget was not amended for the fiscal year ended December 31, 2018. Unexpended budget balances lapse at year-end.

3. DEPOSITS AND INVESTMENTS

Cash and cash equivalents and investments as of December 31, 2018, are classified in the accompanying financial statements as follows:

Statements of net position:

Cash and cash equivalents	\$ 47,090
Investments	<u>3,881,607</u>
Total cash and cash equivalents and investments	<u>\$ 3,928,697</u>

Deposits and investments (GASB 3, as amended) as of December 31, 2018, consists of the following:

Cash on hand	\$ 100
Deposits with financial institutions:	
Interest-bearing demand deposits	46,990

Investments

Louisiana Asset Management Pool	<u>3,881,607</u>
Total deposits and investments	<u>\$ 3,928,697</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2018, the Library has \$108,574 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance.

The investment in the Louisiana Asset Management Pool (LAMP) - an external investment pool - is stated at the value of the pool shares, which is the same as the fair value.

In accordance with GASB - 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, all investments are carried at fair value, with the estimate of fair value based on quoted market prices. At December 31, 2018, the Library’s investment balances are as follows:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Louisiana Asset Management Pool	\$ <u>3,881,607</u>	\$ <u>3,881,607</u>

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

Effective August 1, 2001, LAMP’s investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate bill No. 512, Act 701) enacted LSA-R.S. 33:2955 (A)(1)(h) which allows all municipalities, parishes, school boards, and any other political subdivisions of the State to invest in “Investment grade (A-1/P-1) commercial paper of domestic United States corporations.” Effective October 1, 2001, LAMP’s Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ paper.

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

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

LAMP, Inc. issues an annual publicly available financial report that includes financial statements and required supplementary information for LAMP, Inc. That report may be obtained by writing to LAMP, Inc., 228 St. Charles Avenue, Suite 1123, New Orleans, Louisiana 70130, or by calling (504) 525-5267.

4. RECEIVABLES

The following is a summary of receivables at December 31, 2018:

<u>Class of Receivables</u>	<u>General Fund</u>
Ad valorem taxes	\$ 3,381,959
State Revenue Sharing	181,080
Less: Allowance for uncollectible ad valorem taxes	\$ <u>(41,971)</u>
Total	\$ <u>3,521,068</u>

5. AD VALOREM TAXES

For the year ended December 31, 2018, taxes of 5.81 mills were levied on property with assessed valuations totaling \$582,087,471. Total taxes levied were \$3,381,958.

6. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2018, for governmental activities is as follows:

Governmental Activities Capital Assets:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated:				
Library Collection	<u>\$2,787,185</u>	<u>\$198,348</u>	<u>\$264,660</u>	<u>\$2,720,873</u>
Total Capital Assets Not Being Depreciated	<u>2,787,185</u>	<u>198,348</u>	<u>264,660</u>	<u>2,720,873</u>
Capital Assets Being Depreciated:				
Equipment and Furniture	<u>1,068,381</u>	<u>38,605</u>	<u>-</u>	<u>1,106,986</u>
Vehicles	<u>70,436</u>	<u>-</u>	<u>-</u>	<u>70,436</u>
Leasehold Improvements	<u>196,682</u>	<u>30,458</u>	<u>-</u>	<u>227,140</u>
Total Capital Assets Being Depreciated	<u>1,335,499</u>	<u>69,063</u>	<u>-</u>	<u>1,404,562</u>
Less Accumulated Depreciation for:				
Equipment and Furniture	<u>971,040</u>	<u>31,579</u>	<u>-</u>	<u>1,002,619</u>
Vehicles	<u>39,612</u>	<u>7,452</u>	<u>-</u>	<u>47,064</u>
Leasehold Improvements	<u>183,038</u>	<u>4,944</u>	<u>-</u>	<u>187,982</u>
Total Accumulated Depreciation	<u>1,193,690</u>	<u>43,975</u>	<u>-</u>	<u>1,237,665</u>
Total Capital Assets Depreciated, Net	<u>141,809</u>	<u>25,088</u>	<u>-</u>	<u>166,897</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 2,928,994</u>	<u>\$223,436</u>	<u>\$264,660</u>	<u>\$2,887,770</u>

Depreciation was charged to government as follows:

Library Services	<u>\$43,975</u>
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7. PENSIONS PLAN

Plan Description. Substantially all employees of the Tangipahoa Parish Library are members of the Parochial Employees Retirement System of Louisiana (System), a cost sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B with separate assets, and benefit provisions. All employees of the library are members of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from Library funds and all elected parish officials are eligible to participate in the System. Under plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service, are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only prior to January 1, 1980, the benefit is equal to one percent of final average salary plus \$24 for each year of supplemental-plan-only service earned prior to January 1, 1980. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employee's Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619 or by calling (225) 928-1361.

Funding Policy. Under Plan A, members are required by state statute to contribute 9.5 percent of their annual covered salary and the Library is required to contribute at an actuarially determined rate. The rate for 2018 is 11.50 percent of the annual covered payroll. Contributions to the System also include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each parish (except Orleans and East Baton Rouge Parishes). These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Tangipahoa Parish Library are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation of the prior fiscal year. The Tangipahoa Parish Library's contributions to the system under Plan A for the year ending December 31, 2018, 2017 and 2016, were \$113,638, \$120,692 and \$125,608 respectively, equal to the required contribution for each year.

Pension Liabilities(Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions

At December 31, 2018, the Library reported an asset of \$116,433 for its proportionate share of the net pension liability(asset). The net pension liability (asset) was measured as of December 31, 2017 and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The Library's proportion of the net pension liability (asset) 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, governmental entities actuarially determined. At December 31, 2017, the Library's proportion was .156865 percent.

For the year ended December 31, 2018, the Library recognized pension expense of \$145,562. At December 31, 2018, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ -	\$ 75,369
Changes of assumptions	146,955	-
Net difference between projections and actual earnings on pension plan investments	-	268,993
Changes in proportion and differences between Library contributions and proportionate share of contributions	621	1,957
Library contributions subsequent to the measurement date	<u>113,638</u>	<u>-</u>
Total	<u>\$ 261,214</u>	<u>\$ 346,319</u>

\$113,638 reported as deferred outflows of resources 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, 2018. Other amounts reported a deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2018	\$ 17,353
2019	(18,272)
2020	(91,209)
2021	(106,615)
2022	-
Thereafter	-

Tangipahoa Parish Library
Notes Financial Statements - continued
December 31, 2018

Actuarial assumptions. The total pension liability (asset) in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	December 31, 2017
Actuarial cost method	Entry Age Normal
Investment rate of return	6.75%, (net of investment expense)
Projected salary increase	5.25% (2.75% merit, 2.5% inflation)
Mortality rates	RP-2000 Employee Sex Distinct Table was selected for employees. RP-2000 Healthy Annuitant Sex Distinct Table was selected for annuitant and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.
Expected remaining service lives	4 years
Cost of living adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the board of Trustees.

The actuarial assumptions used in the December 31, 2017, valuation (excluding Mortality) was based on actuarial funding valuation and results of an actuarial experience study for the period January 1, 2010, to December 31, 2014, unless otherwise specified.

The long-term expected rate of return on pension plan investments was determined using a triangulation method in which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.62% for the year ended December 31, 2017.

Best estimates of arithmetic real rates of return for each major asset class included on the System's target asset allocation as of December 31, 2017, are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Portfolio Real Rate of Return</u>
Fixed Income	35%	1.24%
Equity	52%	3.57%
Alternatives	11%	.69%
Real Assets	2%	.12%
	<hr/>	<hr/>
Total	100%	5.62%
Inflation		2.00%
Expected Arithmetic Nominal Return		<hr/> 7.62% <hr/>

Discount Rate. The discount rate used to measure the total pension liability (asset) was 6.75% for Plan A. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on these assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine pension liability (asset).

Sensitivity to changes in Discount rate:

The following presents the net pension liability (asset) of the participating employers calculated using the discount rate of 6.75%, as well as what the employers' net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower 5.75% or one percentage point higher 7.75% that the current date.

	<u>Changes in Discount Rate 2017</u>		
	1% Decreased	Current Discount Rate	1% Increase
	<u>5.75%</u>	<u>6.75%</u>	<u>7.75%</u>
Net Pension Liability (Asset)	<u>\$ 574,055</u>	<u>\$ (116,433)</u>	<u>\$ (699,893)</u>

8. COMPENSATED ABSENCES

At December 31, 2018, employees of the Library have accumulated and vested \$44,503 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. The \$44,503 is recorded as an obligation of the General Fund.

9. LEASES

The Library rents storage units on a month to month basis. Total rent expense was \$3,465.

10. LITIGATION

There is no outstanding litigation at December 31, 2018

11. RISK MANAGEMENT

The Library is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Library attempts to minimize risk from significant losses through the purchase of commercial insurance.

12. CUSTODIAL CREDIT RISK - DEPOSITS

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 does not have a deposit policy for custodial credit risk. As of December 31, 2018, the Library's bank balances of \$108,574 were not exposed to custodial credit risk.

13. RESTATED FUND BALANCE / NET POSITION

- A. The beginning fund balance has been restated to reflect the retroactive recording of prior period adjustments to the December 31, 2017, balance:

General Fund

Fund Balance at December 31, 2017	\$6,670,023
Correct state revenue sharing receivable	<u>(7,330)</u>
Fund balance at December 31, 2017, as restated	<u>\$6,662,693</u>

- B. The beginning net position of the Governmental Funds has been restated:

Net Position at December 31, 2017	\$9,650,502
Correct state revenue sharing receivable	<u>(7,330)</u>
Net Position at December 31, 2017, as restated	<u>\$9,643,172</u>

14. RESTRICTED ASSET - CASH

On March 24, 2016, the Jewish Endowment Foundation on behalf of the Andree & Sidney Rosenblum family donated \$100,000 to be used exclusively for the Hammond branch.

On September 21, 2016, the C&S Wholesale Services donated \$1,000 to be used for programs at the Hammond Branch.

As of December 31, 2018, \$19,716 of these funds have been used and the balance on deposit in the LAMP account is \$81,284.

15. TAX ABATEMENTS

The Louisiana Industrial Ad Valorem Tax Exemption Program (ITEP) is an original state incentive program which offers attractive tax incentive for manufacturers within the state. The program abates, for up to ten years, local property taxes (ad valorem) on a manufacturer's new investment and annual capitalized additions related to the manufacturer's new investment and annual capitalized additions related to the manufacturing site. This exemption is granted per contract with the Louisiana Department of Economic Development and will specify the buildings and / or personal property items covered by the exemption. There are currently sixty-six tax abatements in Tangipahoa Parish, related to seventeen companies, under the Louisiana ITEP. For the 2018 calendar year, the estimated forgone ad valorem taxes due to this abatement program was \$53,040.44.

**REQUIRED SUPPLEMENTAL INFORMATION
(PART II)**

Tangipahoa Parish Library
(A Component Unit of the Tangipahoa Parish Government)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
GOVERNMENTAL FUND TYPE - GENERAL FUND
For the year ended December 31, 2018

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Ad valorem taxes	\$3,200,000	\$3,404,716	\$204,716
State revenue sharing	160,000	181,080	21,080
Grant revenue	-	2,000	2,000
Fines and fees	89,000	98,191	9,191
Interest earning	15,000	102,703	87,703
Donations	1,000	1,764	764
Miscellaneous	5,000	34,606	29,606
Total revenues	<u>3,470,000</u>	<u>3,825,060</u>	<u>355,060</u>
Expenditure			
Personnel services	2,030,500	1,974,876	55,624
Operating services	210,400	170,923	39,477
Communications	85,000	89,529	(4,529)
Online subscription services	62,000	76,493	(14,493)
Electronic books	20,000	19,974	26
Electronic periodicals	10,000	2,550	7,450
Rentals	3,500	3,465	35
Maintenance	76,000	133,942	(57,942)
Professional services	233,800	166,997	66,803
Insurance	93,800	90,702	3,098
Materials and supplies	139,000	145,395	(6,395)
Travel	15,000	28,323	(13,323)
Tax election	71,000	43,399	27,601
Intergovernmental expenditures	125,000	128,823	(3,823)
Capital outlay	295,000	267,411	27,589
Total Expenditures	<u>3,470,000</u>	<u>3,342,802</u>	<u>127,198</u>
Excess of Revenues over Expenditures	<u>-</u>	<u>482,258</u>	<u>482,258</u>
Other Financing (Uses)			
Cooperative endeavor	(100,000)	-	100,000
Total Other Financing (Uses)	<u>(100,000)</u>	<u>-</u>	<u>100,000</u>
Net Change in Fund Balance	(100,000)	482,258	582,258
Fund Balance at Beginning of Year, Restated	6,776,386	6,662,693	(113,693)
Fund Balance at End of Year	<u>\$6,676,386</u>	<u>\$7,144,951</u>	<u>\$468,565</u>

See Independent Auditor's Report

Tangipahoa Parish Library
(A Component Unit of the Tangipahoa Parish Government)
Amite, Louisiana

SCHEDULE OF THE LIBRARY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
For the Year Ended December 31, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Library's proportion of the net pension liability (asset)	(.156865%)	.162922%	.152482%	.16%
Library's proportionate share of the net pension liability (asset)	(116,433)	335,540	401,376	43,787
Library's covered-employee payroll	988,163	965,525	966,213	874,270
Library's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	(11.78%)	34.75%	41.54%	5.01%
Plan fiduciary net position as a percentage of the total pension liability	101.98%	94.15%	92.23%	99.14%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years which information is available.

Data reported measured as of December 31, 2017, (measurement date)

Tangipahoa Parish Library
 (A Component Unit of the Tangipahoa Parish Government)
 Amite, Louisiana

SCHEDULE OF THE LIBRARY'S CONTRIBUTIONS
PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$113,638	\$120,692	\$125,608	\$126,769
Contributions in relation to the contractually required contribution	<u>113,638</u>	<u>120,692</u>	<u>125,608</u>	<u>126,769</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Library's covered-employee payroll	\$988,163	\$965,525	\$966,213	\$874,270
Contributions as a percentage of covered-employee payroll	11.50%	12.50%	13.00%	14.50%

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Data reported is measured as of December 31, 2017, (measurement date).

See Independent Auditor's Report.

OTHER SUPPLEMENTAL INFORMATION

Tangipahoa Parish Library
(A Component Unit of the Tangipahoa Parish Government)

SCHEDULE OF COMPENSATION, BENEFITES AND OTHER PAYMENTS TO AGENCY HEAD
For the Year Ended December 31, 2018

Agency Head: Barry Bradford, Director of the Tangipahoa Parish Library

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 80,007
Benefits – Insurance	14,286
Benefits - Retirement (11.50% parochial employee)	9,201
Benefits – Medicare	1,160
Registration fees to conferences	475
Travel (airfare, hotels, parking fees, and meals)	2,643
Memberships for Tangipahoa Parish Library	500
Uniforms	30
	<u>\$ 108,302</u>

Tangipahoa Parish Library
(A Component Unit of the Tangipahoa Parish Government)
Amite, Louisiana

SCHEDULE OF BOARD MEMEBERS
For the year ended December 31, 2018

	<u>Term</u>	<u>Term Expires</u>
Wanda McElveen, President 19473 Hwy 38 Kentwood, LA 70444 (985) 351-2118	1st	March 2021
D. J. Abrahams, Vice President 17535 Tangi Lake - Unit B Hammond, LA 70422 (985) 507-6645	1st	May 2021
Gloria Vinyard, Treasurer 49274 Ravenwood Drive Loranger, LA 70446 (985) 542-8313	2nd	April 2020
Katherine Yeargain P.O. Box 1046 Ponchatoula, LA 70454 (985) 386 -3586	1st	February 2021
John Magee 725 East Charles Street Hammond, LA 70401 (985) 345-8234	1st	January 2023
Cecila A. Giannobile 110 Granby Drive Hammond, LA 70401 (985) 386-4085	2nd	January 2020
Daniel Williams 633 Weinberger Road Ponchatoula, LA 70454 (985) 386-4085	1st	March 2023
Louis Nick Joseph, Ex-Officio Tangipahoa Parish Council Member 279 Hwy. 40 West Independence, LA 70443 (985) 878-4711	N/A	N/A

No compensation is paid to these members.

See Independent Auditor's Report

FINDINGS AND OTHER INDEPENDENT AUDITOR'S REPORT

Dennis E. James, CPA
Lyle E. Lambert, CPA
Paul M. Riggs, Jr., CPA

J. Bryan Ehricht, CPA
Samantha D. Wagner, CPA
Megan E. Lynch, CPA
Christie J. Barado
B. Jacob Steib
Connor J. Collura
Sharon B. Bravata
Krystal L. Waddell
Debbie G. Faust, EA



**JAMES
LAMBERT RIGGS
& ASSOCIATES, INC.**
CERTIFIED PUBLIC ACCOUNTANTS
www.jlrcpafirm.com



Member of
American Institute of CPAs
Society of Louisiana CPAs

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*

Wanda McElveen, Chairperson
And Board of Control
Tangipahoa Parish Library
Amite, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of the Tangipahoa Parish Library, as of for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Tangipahoa Parish Library's basic financial statements, and have issued our report thereon dated June 10, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

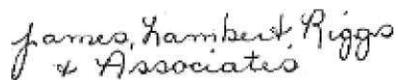
As part of obtaining reasonable assurance about whether the Tangipahoa Parish Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and

Tangipahoa Parish Library
Amite, Louisiana

material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "James Lambert Riggs & Associates".

James Lambert Riggs & Associates, Inc.
Hammond, Louisiana

June 10, 2019

Tangipahoa Parish Library

SCHEDULE OF FINDINGS, RECOMMENDATIONS, AND RESPONSES
For the Year Ended December 31, 2018

We have audited, 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, the financial statements of the governmental activities and the general fund of the Tangipahoa Parish Library as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements, and have issued our report thereon dated June 10, 2019. Our audit of the basic financial statements resulted in an unmodified opinion.

Section I Summary of Auditor's Reports

1. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control:

Material Weakness	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant Deficiencies	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Compliance:

Compliance Material to the Financial Statements	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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2. Management Letter

Was a management letter issued?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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Section II Financial Statement Findings

Internal Control over Financial Reporting

None

Compliance and Other Matters

None

Tangipahoa Parish Library

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended December 31, 2018

Internal Control Over Financial Reporting

None

Compliance And Other Matters

None

See Independent Auditor's Report.

**TANGIPAHOA PARISH LIBRARY
AMITE, LOUISIANA**

STATEWIDE AGREED UPON PROCEDURES ENGAGEMENT

FOR THE YEAR ENDED DECEMBER 31, 2018

Dennis E. James, CPA
Lyle E. Lambert, CPA
Paul M. Riggs, Jr., CPA

J. Bryan Ehricht, CPA
Samantha D. Wagner, CPA
Megan E. Lynch, CPA
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Independent Accountants' Report on Applying Agreed-Upon Procedures

Barry Bradford, Executive Director
Tangipahoa Parish Library
Amite, Louisiana and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Tangipahoa Parish Library (the "Library") and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) of Tangipahoa Parish Library for the fiscal period January 1, 2018 through December 31, 2018. The Library's management is responsible for those control and compliance areas identified in the SAUPs. The sufficiency of these procedures is solely the responsibility of Tangipahoa Parish Library and the Louisiana Legislative Auditor. 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.

Our procedures and findings are detailed in Schedule "A"

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 control and compliance areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is to describe the scope of testing performed on those control and compliance areas identified in the SAUPs, and the results of that testing, and not to provide an opinion on control or compliance. This report is intended solely for the information and use of Tangipahoa Parish Library and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*James Lambert Riggs
& Associates*

James Lambert Riggs & Associates, Inc.
Hammond, Louisiana

June 10, 2019

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget

Results: The entity's policy included the above requirements. No exceptions were noted.

- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Results: The entity's policy included the above requirements. No exceptions were noted.

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

Results: The entity's policy included the above requirements. No exceptions were noted.

- d) **Receipts**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or 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).

Results: The entity's policy included the above requirements. No exceptions were noted.

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

Results: The entity's policy included the above requirements. No exceptions were noted.

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

Results: The entity's policy included the above requirements. No exceptions were noted.

- 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 of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

Results: The entity's policy included the above requirements. No exceptions were noted.

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

Results: The entity's policy included the above requirements. No exceptions were noted.

- 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.

Results: The entity's policy included the above requirements. No exceptions were noted.

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

Results: The Library did not have a written policy and procedure for debt service, as the Library has never had to issue debt.

Bank Reconciliations

2. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date; (e.g., initialed and dated, electronically logged);

Results: For the one (1) bank account selected, bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date.

- b) Bank reconciliations include evidence that a member of management / board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Results: For the one bank account selected, evidence existed that a member of management / board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation. Currently, the Library outsources part of the accounts payable function, along with the bank reconciliation process, to an outside CPA.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: For the one (1) bank account selected, there were no outstanding items over 12 months as of December 31, 2018.

Collections

3. Obtain a listing of deposit sites for the fiscal period where deposits for cash / checks / money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Results: Management provided us with the required listing of cash collection locations as well as management's representation that the listing is complete.

4. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers / registers.

Results: No exceptions were noted for the above listed procedures.

- b) Each employee responsible for collecting cash is not responsible for preparing / making bank deposits, unless another employee / official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

Results: One of the two individuals responsible for collecting cash from the Branch locations makes the deposits; however, each deposit is reviewed by the Director or Assistant Director prior to depositing in the bank.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee / official is responsible for reconciling ledger postings to each other and to the deposit.

Results: No exceptions were noted for the above listed procedure.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and / or subsidiary ledgers, by revenue source and / or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Results: No exceptions were noted for the above listed procedure.

5. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Results: No exceptions were noted.

6. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

a) Observe that receipts are sequentially pre-numbered.

Results: No exceptions were noted for the above listed procedure.

b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Results: No exceptions were noted for the above listed procedure.

c) Trace the deposit slip total to the actual deposit per the bank statement.

Results: No exceptions were noted for the above listed procedure.

d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

Results: No exceptions were noted for the above listed procedure.

e) Trace the actual deposit per the bank statement to the general ledger.

Results: No exceptions were noted for the above listed procedure.