

TANGIPAOA PARISH LIBRARY

(A Component Unit of the Tangipahoa Parish Government)

Amite, Louisiana

ANNUAL FINANCIAL REPORT

As of and for the year ended

December 31, 2017

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

ANNUAL FINANCIAL REPORT

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December 31, 2017

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

J. Bryan Ehricht, CPA
Samantha D. Wagner, CPA
Christie J. Barado
Megan E. Lynch
B. Jacob Steib
Debbie G. Faust, EA
Ramona K. Huckabee, EA



**JAMES
LAMBERT RIGGS
& ASSOCIATES, INC.**
CERTIFIED PUBLIC ACCOUNTANTS
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American Institute of CPAs
Society of Louisiana CPAs

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, 2017, 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, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2018, 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 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.

Tangipahoa Parish Library
Amite, Louisiana

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*

James Lambert Riggs & Associates, Inc.
Hammond, Louisiana

June 18, 2018

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, 2017

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 \$3,346,119 of levied 2017 ad valorem tax revenue.

Total revenue for 2017 was \$3,557,224. This revenue includes parish ad valorem taxes, state revenue sharing, grant revenue, interest, charges for photo copies, gifts, fines, interest earnings, miscellaneous fees, and proceeds from the sale of assets.

Library expenditures for 2017 totaled \$3,417,133. 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.

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, 2017

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.

The 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

	<u>2017</u>	<u>2016</u>
Current and Other Assets	\$6,946,490	\$6,763,434
Capital Assets, Net	<u>2,928,994</u>	<u>3,009,447</u>
Total Assets	<u>9,875,484</u>	<u>9,772,881</u>
Deferred Outflow of Resources	<u>445,921</u>	<u>582,627</u>
Other Liabilities	276,467	233,502
Net Pension liability	<u>335,540</u>	<u>401,376</u>
Total Liabilities	<u>612,007</u>	<u>634,878</u>
Deferred Inflow of Resources	<u>58,896</u>	<u>64,150</u>
Net Position:		
Investment in Capital Assets	2,928,994	3,009,447
Restricted	101,000	101,000
Unrestricted	<u>6,620,508</u>	<u>6,546,033</u>
Total Net Position	<u>\$9,650,502</u>	<u>\$9,656,480</u>

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, 2017

The Library's assets and deferred outflow at December 31, 2017, exceed liabilities and deferred inflow by \$9,650,502 (net position), with the Library reporting positive balances in all categories of net position. Of the total net position, \$6,620,508 are Unrestricted Net Position. The balance of net position includes a total of \$2,928,994 invested in Capital Assets, which includes the collection and \$101,000 restricted for the Hammond branch. 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 \$3,389,507, consisting of funds deposited within the Louisiana Asset Management Pool, Inc. (LAMP), and receivables consisting of ad valorem tax receivable of \$3,199,825 and state revenue sharing receivable of \$185,409, less an allowance account for uncollectibles of \$80,000 for a total of \$3,305,234.

Other Liabilities totaling \$276,467 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 is 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 liability of \$335,540. 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

	<u>2017</u>	<u>2016</u>
Revenues:		
Program Revenues:		
Charges for Services	\$ 106,056	\$ 114,947
Operating grant	1,000	-
General Revenues:		
Ad Valorem Taxes	3,199,101	3,243,475
Intergovernmental	185,409	183,866
Interest Income	52,431	27,388
Other	10,711	4,732
Donations	2,516	103,007
Gain on disposition of capital assets	-	1,405
Support revenue	<u>12,035</u>	<u>11,095</u>
Total Revenues	3,569,259	3,689,915
Program Expenses	<u>3,575,237</u>	<u>3,269,198</u>
Change in Net Position	(5,978)	420,717
Net Position - Beginning, Restated	<u>9,656,480</u>	<u>9,235,763</u>
Net Position - Ending	<u>\$9,650,502</u>	<u>\$9,656,480</u>

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, 2017

The major component of Program Revenues, totaling \$106,056 consists of charges for fines and fee charges at branch library locations. The major General Revenue sources are ad valorem taxes totaling \$3,199,101, state revenue sharing totaling \$185,409, and interest earnings totaling \$52,431.

The net ad valorem tax decrease was \$56,053 from last year. Interest earnings increased \$25,043 from last year.

Program expenses of \$3,575,237 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 \$2,034,246.

Other significant expenses include operating services at \$200,163, materials and supplies at \$133,015, professional services at \$279,863, maintenance of \$90,368, expenses of \$224,371 for stolen, destroyed, and obsolete books, and statutory payments of \$127,184.

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 \$140,091 resulting in a fund balance of \$6,670,023 at December 31, 2017.

Capital Assets

The investment in capital assets, net of accumulated depreciation as of December 31, 2017, was \$2,928,994. There was an overall decrease in net capital assets of \$80,453. An inventory of all assets of the Library was performed in December 2017.

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	<u>2017</u>	<u>2016</u>
Library Collection	\$2,787,185	\$ 2,790,131
Vehicles	70,436	70,436
Equipment and Furniture	1,068,381	1,050,686
Leasehold Improvements	<u>196,682</u>	<u>185,733</u>
Subtotal Capital Assets	4,122,684	4,096,986
Less: Accumulated Depreciation	<u>(1,193,690)</u>	<u>(1,087,539)</u>
Capital Assets, Net	<u>\$2,928,994</u>	<u>\$3,009,447</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS concluded
As of and for the year ended December 31, 2017

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 \$87,224. Actual expenditures and other uses were under the original/final budgeted amounts by \$139,767.

The Library amended its budget once for 2017.

Economic Factors and Next Year's Budget

The Library Board of Control and the Director use a conservative approach in determining the 2018 budget figures.

The Library's 2018 budget will show no increase in revenues over 2017.

The 2018 budget for expenditures and other uses will show a \$13,100 increase.

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, 2017

Assets	
Cash and cash equivalents	\$ 150,749
Investments	3,389,507
Receivables, net	3,305,234
Restricted assets - cash	101,000
Capital assets, net of accumulated depreciation	<u>2,928,994</u>
Total Assets	<u>9,875,484</u>
Deferred Outflow of Resources	
	<u>445,921</u>
Liabilities	
Accounts payable	58,399
Accrued salaries/leave	90,884
Deductions from ad valorem tax	127,184
Noncurrent liability: net pension liability	<u>335,540</u>
Total Liabilities	<u>612,007</u>
Deferred Inflow of Resources	
	<u>58,896</u>
Net Position	
Investment in capital assets	2,928,994
Restricted	101,000
Unrestricted	<u>6,620,508</u>
Total Net Position	<u>\$9,650,502</u>

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, 2017

Expenses

Library services:	
Personnel services	\$2,034,246
Operating services	200,163
Communications	75,531
Online subscription services	35,663
Electronic books	43,898
Electronic periodicals	9,071
Rentals	3,563
Maintenance	90,368
Professional services	279,863
Insurance	68,779
Materials and supplies	133,015
Travel	13,364
Tax election	70,885
Intergovernmental	127,184
Co-operative endeavor agreement - Kentwood	57,230
Stolen, destroyed, or obsolete books	224,371
Depreciation	<u>108,043</u>
 Total Expenses	 <u>3,575,237</u>

Program Revenues

Fees, fines, and other charges for services	106,056
Operating grant	<u>1,000</u>
 Total Program Revenues	 <u>107,056</u>
 Net Program (Expense)	 <u>(3,468,181)</u>

General Revenues

Ad valorem taxes	3,199,101
State revenue sharing	185,409
Interest earnings	52,431
Miscellaneous	10,711
Donations - cash	2,516
Support revenue	<u>12,035</u>
 Total General Revenues	 <u>3,462,203</u>
 Change in Net Position	 (5,978)

Net Position

Beginning of year, Restated	<u>9,656,480</u>
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Net Position - End of year	<u>\$9,650,502</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)

BALANCE SHEET - GOVERNMENTAL FUND
GENERAL FUND
December 31, 2017

Assets	
Cash and cash equivalents	\$ 150,749
Investments	3,389,507
Receivables, net	3,305,234
Restricted assets - cash	<u>101,000</u>
Total Assets	<u>\$6,946,490</u>
Liabilities	
Accounts payable	\$ 58,399
Accrued salaries/leave	90,884
Deductions from ad valorem tax	<u>127,184</u>
Total Liabilities	<u>276,467</u>
Fund Balance	
Restricted - Hammond	101,000
Committed	1,100,000
Unassigned	<u>5,469,023</u>
Total Fund Balance	<u>6,670,023</u>
Total Liabilities and Fund Balance	<u>\$6,946,490</u>

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, 2017

Fund balance - governmental fund (page 13) \$6,670,023

Amounts reported for governmental activities in the
Statement of Net Position are different because:

Capital assets used in governmental activities are not
financial resources and therefore are not reported in
the governmental fund.

Governmental capital assets	4,122,684
Less: Accumulated Depreciation	(1,193,690)

Some liabilities are not due and payable in the current period
and, therefore, are not reported in the funds. These liabilities
consist of:

Net pension liability	(335,540)
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Deferred outflows and inflows are not financial
resources or currently payable. These consist of:

Deferred outflow	445,921
Deferred inflows	<u>(58,896)</u>

Net Position of Governmental Activities(pages 11)	<u>\$9,650,502</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 REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND TYPE - GENERAL FUND
For the year ended December 31, 2017

Revenues	
Ad valorem taxes	\$3,199,101
State revenue sharing	185,409
Grant revenue	1,000
Fines and fees	106,056
Interest earnings	52,431
Donations	2,516
Miscellaneous	10,711
Total Revenues	<u>3,557,224</u>
Expenditures	
Personnel services	1,956,596
Operating services	200,163
Communications	75,531
Online subscription services	35,663
Electronic books	43,898
Electronic Periodicals	9,071
Rentals	3,563
Maintenance	90,368
Professional services	279,863
Insurance	68,779
Materials and supplies	133,015
Travel	13,364
Tax election	70,885
Intergovernmental expenditures	127,184
Capital outlay	251,960
Total Expenditures	<u>3,359,903</u>
Other Financing (Uses)	
Cooperative Endeavor Agreement - Kentwood	<u>(57,230)</u>
Total Other Financing (Uses)	<u>(57,230)</u>
Net Change in Fund Balance	140,091
Fund Balance at Beginning of Year, Restated	<u>6,529,932</u>
Fund Balance at End of Year	<u>\$6,670,023</u>

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, 2017

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

Net change in fund balance - total governmental fund (page 15)	\$140,091
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.	143,918
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	12,035
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	(224,371)
Pension expense for GASB 68	<u>(77,651)</u>
Change in net position of governmental activities (page 12)	<u>\$ (5,978)</u>

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

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

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

INTRODUCTION

The Tangipahoa Parish Library (Library) was established by the governing authority under the provisions of Louisiana Statute (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 the 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 to 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 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>Asset 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 1-1/2 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:

- **Nonspendable:** 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 Nonspendable 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 \$101,00 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 \$1,100,000 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 assign 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 purposes 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 the 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:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date of Millage</u>
General Fund	3.00	3.00	10/01/2018
General Fund	2.81	2.81	10/01/2024

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, 2017, was adopted on November 28, 2016. 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 amended once for the fiscal year ended December 31, 2017. The amendment was adopted on November 13, 2017. Unexpended budget balances lapse at year-end.

3. DEPOSITS AND INVESTMENTS

Cash and cash equivalents and investments as of December 31, 2017, are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and cash equivalents	\$ 150,749
Investments	<u>3,490,507</u>
Total cash and cash equivalents and investments	<u>\$3,641,256</u>

Deposits and investments (GASB 3, as amended) as of December 31, 2017, consist of the following:

Cash on hand	\$ 100
Deposits with financial institutions:	
Interest-bearing demand deposits	150,649
Investments	
Louisiana Asset Management Pool	<u>3,490,507</u>
Total deposits and investments	<u>\$3,641,256</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, 2017, the Library has \$181,779 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, 2017, the Library's investment balances are as follows:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Louisiana Asset Management Pool	<u>\$3,490,507</u>	<u>\$3,490,507</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 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.

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+ commercial 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, 2017:

<u>Class of Receivable</u>	<u>General Fund</u>
Ad valorem taxes	\$3,199,825
State Revenue Sharing	185,409
Less: Allowance for uncollectible ad valorem taxes	<u>(80,000)</u>
Total	<u>\$3,305,234</u>

5. AD VALOREM TAXES

For the year ended December 31, 2017, taxes of 5.81 mills were levied on property with assessed valuations totaling \$575,918,989. Total taxes levied were \$3,346,119.

6. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2017, for governmental activities is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities Capital Assets:				
Capital Assets Not Being Depreciated:				
Library Collection	<u>\$2,790,131</u>	<u>\$221,425</u>	<u>\$224,371</u>	<u>\$2,787,185</u>
Total Capital Assets Not Being Depreciated	<u>2,790,131</u>	<u>221,425</u>	<u>224,371</u>	<u>2,787,185</u>
Capital Assets Being Depreciated:				
Equipment and Furniture	1,050,686	19,587	1,892	1,068,381
Vehicles	70,436	-	-	70,436
Leasehold Improvements	<u>185,733</u>	<u>10,949</u>	<u>-</u>	<u>196,682</u>
Total Capital Assets Being Depreciated	<u>1,306,855</u>	<u>30,536</u>	<u>1,892</u>	<u>1,335,499</u>
Less Accumulated Depreciation for:				
Equipment and Furniture	877,203	95,729	1,892	971,040
Vehicles	32,160	7,452	-	39,612
Leasehold Improvements	<u>178,176</u>	<u>4,862</u>	<u>-</u>	<u>183,038</u>
Total Accumulated Depreciation	<u>1,087,539</u>	<u>108,043</u>	<u>1,892</u>	<u>1,193,690</u>
Total Capital Assets Depreciated, Net	<u>219,316</u>	<u>(77,507)</u>	<u>-</u>	<u>141,809</u>
Total Governmental Activities Capital Assets, Net	<u>\$3,009,447</u>	<u>\$143,918</u>	<u>\$224,371</u>	<u>\$2,928,994</u>
Depreciation was charged to governmental functions as follows:				
Library Services				<u>\$108,043</u>
				<u>\$108,043</u>

7. PENSION 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 per cent 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 and disability benefits. Benefits are established or amended by state statute.

Tangipahoa Parish Library
Notes to the Financial Statements - continued
December 31, 2017

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 2017 is 12.50 percent of the annual covered payroll. Contributions to the System also include one-fourth of one per cent 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, 2017, 2016, and 2015, were \$120,692, \$125,608, and \$126,769 respectively, equal to the required contribution for each year.

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 \$335,540 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Library's proportion of the net pension liability was based on a projection of the Library's long-term share of contributions to the pension plan relative to the projected contributions of all participating, governmental entities actuarially determined. At December 31, 2016, the Library's proportion was .162922 percent.

For the year ended December 31, 2017, the Library recognized pension expense of \$199,307. At December 31, 2017, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$58,716
Changes of assumptions	63,740	-
Net difference between projections and actual earnings on pension plan investments	260,392	-
Changes in proportion and differences between Library contributions and proportionate share of contributions	1,097	180
Library contributions subsequent to the measurement date	<u>120,692</u>	<u>-</u>
Total	<u>\$445,921</u>	<u>\$58,896</u>

Tangipahoa Parish Library
Notes to the Financial Statements - continued
December 31, 2017

\$120,692 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, 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:

Year ended December 31:	
2017	\$ 98,920
2018	105,700
2019	68,713
2020	(7,035)
2021	-
Thereafter	-

Actuarial assumptions. The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	December 31, 2016
Actuarial cost method	Entry Age Normal
Investment rate of return	7.00%, (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, 2016, 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 real 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 pension plan investment expenses 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 adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.66% for the year ended December 31, 2016.

Tangipahoa Parish Library
Notes to the Financial Statements - continued
December 31, 2017

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

Asset Class	Target Asset Allocation	Long-term Expected Portfolio Real Rate of Return
Fixed Income	35%	1.24%
Equity	52%	3.63%
Alternatives	11%	.67%
Real Assets	2%	.12%
Total	<u>100%</u>	<u>5.66%</u>
Inflation		2.00%
Expected Arithmetic Nominal Return		7.66%

Discount Rate. The discount rate used to measure the total pension liability was 7.00% 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.

Sensitivity to Changes in Discount Rate:

The following presents the net pension liability of the participating employers 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% that the current date.

	Changes in Discount Rate 2016		
	1% Decreased	Current Discount Rate	1% Increase
	6.00%	7.00%	8.00%
Net Pension Liability	<u>\$1,003,735</u>	<u>\$335,540</u>	<u>\$(229,439)</u>

8. COMPENSATED ABSENCES

At December 31, 2017, employees of the Library have accumulated and vested \$40,603 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. The \$40,603 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 \$2,860.

10. LITIGATION

There is no outstanding litigation at December 31, 2017.

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, 2017, the Library's bank balances of \$181,779 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, 2016, balance:

General Fund

Fund Balance at December 31, 2016	\$6,543,439
Correct state revenue sharing receivable	(1,828)
Correct ad valorem tax revenue	<u>(11,679)</u>
 Fund balance at December 31, 2016, as restated	 <u>\$6,529,932</u>

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

Net Position at December 31, 2016	\$9,669,987
Correct state revenue sharing receivable	(1,828)
Correct ad valorem tax revenue	<u>(11,679)</u>
 Net Position at December 31, 2016, as restated	 <u>\$9,656,480</u>

14. RESTRICTED ASSET - CASH

On March 24, 2016, the Jewish Endowment Foundation on behalf of the Andree & Sidney Rosenblum family donate \$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, 2017, none of these funds have been used and are on deposit in the LAMP account.

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, 2017

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Ad valorem taxes	\$3,200,000	\$3,200,000	\$3,199,101	\$ (899)
State revenue sharing	160,000	160,000	185,409	25,409
Grant revenue	-	-	1,000	1,000
Fines and fees	89,000	89,000	106,056	17,056
Interest earnings	15,000	15,000	52,431	37,431
Donations	1,000	1,000	2,516	1,516
Miscellaneous	5,000	5,000	10,711	5,711
Total Revenues	<u>3,470,000</u>	<u>3,470,000</u>	<u>3,557,224</u>	<u>87,224</u>
Expenditure				
Personnel services	2,078,000	2,078,000	1,956,596	121,404
Operating services	209,600	209,600	200,163	9,437
Communications	89,000	89,000	75,531	13,469
Online subscription services	62,000	62,000	35,663	26,337
Electronic books	20,000	20,000	43,898	(23,898)
Electronic periodicals	10,000	10,000	9,071	929
Rentals	3,500	3,500	3,563	(63)
Maintenance	81,000	81,000	90,368	(9,368)
Professional services	167,800	206,800	279,863	(73,063)
Insurance	95,000	95,000	68,779	26,221
Materials and supplies	146,000	147,000	133,015	13,985
Travel	15,000	15,000	13,364	1,636
Tax election	-	71,000	70,885	115
Intergovernmental expenditures	125,000	125,000	127,184	(2,184)
Capital outlay	284,000	284,000	251,960	32,040
Total Expenditures	<u>3,385,900</u>	<u>3,496,900</u>	<u>3,359,903</u>	<u>136,997</u>
Excess of Revenues Over Expenditures	<u>84,100</u>	<u>(26,900)</u>	<u>197,321</u>	<u>224,221</u>
Other Financing (Uses)				
Cooperative endeavor	(100,000)	(60,000)	(57,230)	2,770
Total Other Financing (Uses)	<u>(100,000)</u>	<u>(60,000)</u>	<u>(57,230)</u>	<u>2,770</u>
Net Change in Fund Balance	(15,000)	(86,900)	140,091	226,991
Fund Balance at Beginning of Year, Restated	<u>6,458,250</u>	<u>6,529,932</u>	<u>6,529,932</u>	<u>-</u>
Fund Balance at End of Year	<u>\$6,442,350</u>	<u>\$6,443,032</u>	<u>\$6,670,023</u>	<u>\$226,991</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, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Library's proportion of the net pension liability (asset)	.162922%	.152482%	.16%
Library's proportionate share of the net pension liability (asset)	335,540	401,376	43,787
Library's covered-employee payroll	965,525	966,213	874,270
Library's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	34.75%	41.54%	5.01%
Plan fiduciary net position as a percentage of the total pension liability	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 for which information is available.

Data reported is measured as of December 31, 2016, (measurement date).

See Independent Auditor's Report.

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, 2017

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

33

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 for which information is available.

Data reported is measured as of December 31, 2016, (measurement date).

See Independent Auditor's Report.

OTHER SUPPLEMENTAL INFORMATION

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

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD
For the Year Ended December 31, 2017

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

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 80,000
Benefits - Insurance	14,009
Benefits - Retirement (12.50% parochial employee)	10,000
Benefits - Medicare	1,160
Registration fees to conferences	375
Travel (airfare, hotels, parking fees, and meals)	2,574
ALA Membership for Tangipahoa Parish Library	<u>210</u>
	<u>\$108,328</u>

See Independent Auditor's Report.

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

SCHEDULE OF BOARD MEMBERS
For the year ended December 31, 2017

	<u>Term</u>	<u>Term Expires</u>
Martha Alexander, President 18348 Hwy 16 Amite, LA 70422 (985) 748-9517	5 years (2 nd Term)	January 2018
Cecilia Giannobile, Vice President 110 Granby Drive Hammond, LA 70401 (985) 345-4176	5 years (2 nd Term)	January 2020
Gloria Vinyard, Treasurer 49274 Ravenwood Drive Loranger, LA 70446 (985) 542-8313	5 years (2 nd Term)	April 2020
Katherine Yeargain P.O. Box 1046 Ponchatoula, LA 70454 (985) 386-3586	5 years (2 nd Term)	February 2021
May Stillely 21079 Esterbrook Road Ponchatoula, LA 70454 (985) 386-8178	5 years	March 2019
Wanda McElveen 19473 Highway 38 Kentwood, LA 70444 (985) 229-6574	5 years	March 2021
Dominick Abrams 42084 Lumino Lane, Apt 17 Hammond, LA 70403 (985) 507-6645	5 years	May 2021
Louis 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
Christie J. Barado
Megan E. Lynch
B. Jacob Steib
Debbie G. Faust, EA
Ramona K. Huckabee, 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, 2017, 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 18, 2017.

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.

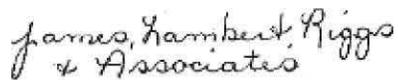
Compliance and Other Matters

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

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 18, 2018

Tangipahoa Parish Library

SCHEDULE OF FINDINGS, RECOMMENDATIONS, AND RESPONSES
For the Year Ended December 31, 2017

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, 2017, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements, and have issued our report thereon dated June 18, 2018. 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, 2017

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, 2017

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

J. Bryan Ehricht, CPA
Samantha D. Wagner, CPA
Christie J. Barado
Megan E. Lynch
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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 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) for the fiscal period January 1, 2017 through December 31, 2017. The Library's management is responsible for those control and compliance 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.

Our procedures and findings are detailed in Schedule "A"

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 solely 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. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*James Lambert Riggs
& Associates*

James Lambert Riggs & Associates, Inc.
Hammond, Louisiana

June 18, 2018

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial / business functions (or report that the entity does not have any written policies and procedures), as applicable:

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

Results: We sighted the Library's written policies and procedures for budgeting with no exceptions.

- 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: We sighted the Library's written policies and procedures for purchasing with no exceptions.

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

Results: We sighted the Library's written policies and procedures for disbursements with no exceptions.

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

Results: We sighted the Library's written policies and procedures for receipts with no exceptions.

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

Results: We sighted the Library's written policies and procedures for payroll / personnel with no exceptions.

- 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: We sighted the Library's written policies and procedures for contracting with no exceptions.

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

Results: We sighted the Library's written policies and procedures for credit cards and fuel cards with no exceptions.

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

Results: We sighted the Library's written policies and procedures for travel and expense reimbursements with no exceptions.

- 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.

Results: We sighted the Library's written policies and procedures for ethics with no exceptions.

- j) **Debt Service**, including (1) debt issuance approval, (2) 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.

Board (or Finance Committee, if applicable)

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

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

Results: Per a review of the minutes of the Library for the period January 1, 2017 through December 31, 2017, the Library met on a frequency in accordance with the board's legislation.

- 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).

Results: Per a review of the minutes of the Library for the period January 1, 2017 through December 31, 2017, the minutes referenced budget-to-actual comparisons on the Library's major funds.

- 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.

Results: Per a review of the minutes of the Library for the period January 1, 2017 through December 31, 2017, there were no periods of deficit spending during the fiscal period.

- 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.

Results: Per a review of the minutes of the Library for the period January 1, 2017 through December 31, 2017, the Library approved contracts and grant agreements in at least one meeting during the year.

Bank Reconciliations

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

Results: Management provided us with the required listing of bank accounts as well as management's representation that the 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 five 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;

Results: For the one (1) bank account selected, all bank reconciliations were prepared for all twelve months for the period January 1, 2017 through December 31, 2017.

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

Results: For the one (1) bank account selected, evidence did not exist that the bank statements and bank reconciliations were reviewed by a member of management or a board member for the period January 1, 2017 through December 31, 2017. Currently, the Library outsources part of the accounts payable function along with the bank reconciliation process to an outside CPA.

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

Results: For the one (1) bank account selected, there were no outstanding items over six (6) months as of December 31, 2017.

Collections

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

Results: Management provided us with the required listing of cash collection locations as well as 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 five 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.

Results: None of the three (3) individuals that collect cash are bonded. Two (2) of the three (3) individuals that collect cash are responsible for making deposits. The three (3) individuals that collect cash do not record the transactions nor do they reconcile the bank account. Currently, the Library outsources part of the accounts payable function along with the bank reconciliation process to an outside CPA.

- 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.

Results: Management provided us with written documentation on reconciling cash collections to the general ledger. This daily reconciliation is performed by an individual not responsible for cash collections.

- 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.

Results: The highest week of cash collections had two deposits. These deposits were made within three (3) business days of receipt.

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

Results: Deposits for the highest week of cash collections were completely supported by documentation.

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.

Results: We sighted the Library's written policies and procedures for receipts with no exceptions.

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.

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

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.

Results: For the twenty-five (25) transactions selected, all transactions selected were initiated using a purchase order system that separated the initiation and approval functions.

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

Results: For the twenty-five (25) transactions selected, all transactions selected were initiated using a purchase order system that separated the initiation and approval functions.

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

Results: For the twenty-five (25) transactions selected, all transactions selected were initiated using an approved purchase order; all transactions included a receiving report, when applicable; and all transactions had an approved invoice.

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

Results: Per the Library's written policies and procedures, individuals responsible for processing payments are prohibited from adding vendors to the Library's purchasing / disbursement system.

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.

Results: Individuals who can initiate or record purchases do have signatory authority. All disbursements require dual signatures for payment.

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.

Results: The supply of unused checks are maintained in a locked location with restricted access at the outside CPA's office.

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.

Results: No signature stamp or machine is utilized by the Library.

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

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

Results: Management provided us with the required listing of credit cards and fuel cards as well as management's representation that the listing is complete.

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 cardholder. [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.]]

Results: For the two (2) credit cards selected, the statements of both cards were reviewed and approved, in writing, by someone other than the authorized card holder.

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

Results: For the two (2) credit cards selected, no finance and / or late charges were assessed.

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).

Results: For the two (2) credit cards selected, both cards had supporting itemized receipts for all transactions.

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

Results: For the two (2) credit cards selected, both cards selected had supporting documentation of the business / public purpose, and all meal receipts contained documentation of the individuals participating.

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

Results: For the two (2) credit cards selected, both cards selected had other supporting documentation required by the Library's written policy.

- 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.

Results: For the two (2) credit cards selected, no transactions reviewed required the solicitation of bids or quotes.

- 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.

Results: For the two (2) credit cards selected, there were no violations of Article 7, Section 14 of the Louisiana Constitution.

Travel and Expense Reimbursement

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

Results: Management provided us with the required listing of travel and related expense reimbursements as well as management's representation that the listing is complete.

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

Results: No reimbursement rates exceeded GSA rates.

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.

Results: For the three (3) employees selected, all travel and expense reimbursements were paid in accordance with written policy.

- 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.]

Results: For the three (3) employees selected, all travel and expense reimbursements were documented by original itemized receipts.

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

Results: For the three (3) employees selected, all travel and expense reimbursements documented the business / public purchase of the expense.

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

Results: For the three (3) employees selected, all travel and expense reimbursements had other supporting documentation required by the Library's written policy.

- 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.

Results: For the three (3) employees selected, there were no violations of Article 7, Section 14 of the Louisiana Constitution.

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

Results: For the three (3) employees selected, each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

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

Results: Management provided us with a listing of all contracts in effect during the period January 1, 2017 through December 31, 2017 as well as management's representation that the listing is complete.

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.

Results: For the five (5) contracts selected, there was a formal / written contract that supported the services arrangement and the amount paid.

- 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).

Results: For the five (5) contracts selected, none were subject to the Louisiana Public Bid Law.

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

Results: For the five (5) contracts selected, none were subject to the Louisiana Public Bid Law.

- 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.

Results: For the five (5) contracts selected, none were amended during the period January 1, 2017 through December 31, 2017.

- 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.

Results: For the five (5) contracts selected, all five (5) of the largest payments contained supporting invoices that complied with the terms and conditions of the contract.

- 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).

Results: For the five (5) contracts selected, three (3) contracts required Board approval and were properly approved by the Library.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees / officials, obtain their personnel files, and:

- 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.

Results: Management provided us with the required list of employees and salaries as well as management's representation that the listing is complete. For the five (5) randomly selected employees, compensation paid to each employee was made in accordance with each employee's approved pay rate.

- 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.

Results: Management provided us with the required list of employees and salaries as well as management's representation that the listing is complete. For the five (5) randomly selected employees, all changes to each employee's approved pay rates were approved in writing and in accordance with written policy.

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.)

Results: For the twenty-five (25) selected employees, all employees documented their daily attendance and leave.

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

Results: For the twenty-five (25) selected employees, we sighted documentation that supervisors approved attendance and leave.

- 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.

Results: For the twenty-five (25) selected employees, we sighted written documentation of the Library's leave records.

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.

Results: Per management's representation, there were no employees terminated for the period January 1, 2017 through December 31, 2017.

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.

Results: Management provided us with all supporting documentation related to payroll taxes and retirement contributions for the period January 1, 2017 through December 31, 2017. For this period, all payroll tax deposits and retirement contribution payments were paid by the required deadlines.

Ethics (excluding nonprofits)

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

Results: For the five (5) randomly selected employees, all ethics compliance documentation was provided to us and the required ethics training was completed for all five (5) of the employees.

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.

Results: Per conversation with the Assistant Director, the Library had no alleged ethics violations reported during the period January 1, 2017 through December 31, 2017.

Debt Service (excluding nonprofits)

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

Results: The Library had no debt issued during the period January 1, 2017 through December 31, 2017.

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.

Results: During the period January 1, 2017 through December 31, 2017, the Library had no outstanding debt.

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.

Results: The Library had no tax millages relating to debt service during the period January 1, 2017 through December 31, 2017.

Other

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

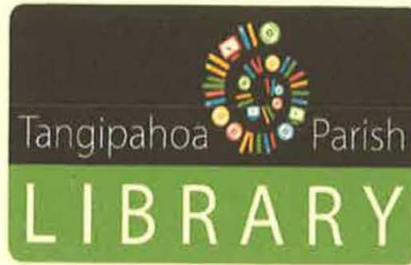
Results: Per conversation with the Assistant Director, the Library had no misappropriations of public funds or assets during the period January 1, 2017 through December 31, 2017.

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

Results: Sighted copy of the notice posted on the premises and on the Library's website.

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

Results: There were no exceptions regarding management's representations in the procedures above.



June 18, 2018

James, Lambert, Riggs, &
Associates, Inc.
P.O. Drawer 369
Hammond, Louisiana 70404

Re: Statewide Agreed Upon Procedures

I am providing you the responses requested as a result of the Statewide Agreed Upon Procedures for the fiscal period January 1, 2017 thru December 31, 2017.

Bank Reconciliations

Item 4 (b)- The outside CPA will provide the director/assistant director monthly bank reconciliation reports with all schedules for their review. Review will be indicated by initialing and dating the front of the bank reconciliation.

Collections

Item 6 (a)- Management will contact the insurance agent about obtaining either bonds or employee theft coverage on those employees responsible for collecting cash.

A handwritten signature in black ink, appearing to read "Barry Bradford".

Barry Bradford
Library Director