

WEST CARROLL PARISH LIBRARY
OAK GROVE, LOUISIANA

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2017 and 2016**



WEST CARROLL PARISH LIBRARY
OAK GROVE, LOUISIANA

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Management's Discussion and Analysis

**WEST CARROLL PARISH LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

As Management of the West Carroll Parish Library, we offer readers of the West Carroll Parish Library's financial statements this narrative overview and analysis of the financial activities of the West Carroll Parish Library as of December 31, 2017, and for the year then ended. We encourage readers to consider the information presented here in conjunction with the Library's basic financial statements and supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Library's basic financial statements. The Library's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the Library's finances, in a manner similar to a private-sector business. The statement of net position presents information on all of the Library's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Library is improving or deteriorating.

The statement of activities presents information showing how the Library's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, earned but not taken annual leave).

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Library, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the current funds of the Library are included in one category - governmental funds.

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

**WEST CARROLL PARISH LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

The West Carroll Parish Library maintains one individual governmental fund. Information as of and for the year ended December 31, 2017, is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund.

The West Carroll Parish Library adopts an annual appropriated budget for the General Fund. A budgetary comparison statement is provided to demonstrate compliance with this budget.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15-33 of this report.

Supplemental information. In addition to the basic financial statements and accompanying notes, this report also presents required supplemental information concerning the West Carroll Parish Library's compliance with its budget for the general fund and information pertaining to pension plans required by GASB No. 68. State law requires other supplemental information which is presented in a schedule of compensation, benefits, reimbursements, and other payments to or on behalf of the agency head.

FINANCIAL HIGHLIGHTS

Assets of the Library exceeded its liabilities at December 31, 2017, by \$715,769. Subtracting deferred inflows of \$5,086 and adding deferred outflows of \$37,705 results in net position of \$748,388. The Library's net position increased by \$78,350 as a result of this year's operations.

At December 31, 2017, the Library's governmental fund (General Fund) reported an ending fund balance of \$638,275, an increase of \$63,568, including expenditures for capital assets. Of the \$638,275, \$60,000 is assigned for future expansion and renovation.

**WEST CARROLL PARISH LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017**

NET POSITION

	2017	2016
Current and other assets	\$ 686,451	\$ 604,384
Capital assets, net	78,462	68,622
Total assets	764,913	673,006
 Deferred outflows	37,705	43,476
 Liabilities:		
Accounts and other payables	20,082	13,198
Net pension liability	29,062	28,687
Total liabilities	49,144	41,885
 Deferred inflows	5,086	4,559
 Net position:		
Invested in capital assets	78,462	66,616
Unrestricted	669,926	603,422
Total net position	\$ 748,388	\$ 670,038

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent year, the West Carroll Parish Library's net position was \$748,388.

**WEST CARROLL PARISH LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017**

The changes in net position for the years ended December 31, 2017 and 2016 are summarized as follows:

CHANGES IN NET POSITION

	2017	2016
Revenues:		
Program revenues:		
Charges for services	\$ 11,832	\$ 13,395
Operating grants and contributions	893	1,786
General revenues:		
Ad valorem taxes	293,553	270,551
State grants	15,742	15,145
Other general revenues	4,400	6,322
Total revenues	326,420	307,199
Program expenses:		
Personal services	131,645	116,982
Operating services	86,168	85,894
Materials and supplies	19,196	12,038
Intergovernmental	11,061	10,442
Total expenses	248,070	225,356
Increase (decrease) in net position	\$ 78,350	\$ 81,843

Governmental activities. The most significant revenues of the governmental activities are general revenues (96%), which include ad valorem taxes (90%), unrestricted grants and contributions (includes state revenue sharing) (5%) and other general revenues (includes fines and forfeitures and investment earnings) (1%). Program revenues are 4% of the total revenues of governmental activities.

Operating services and salaries and related benefits are the most significant of all governmental activities expenses.

Governmental activities revenues increased by \$19,221 in the current year. Governmental activities expenses increased by \$22,714 in the current year compared to 2016. The Library holds down expenses as much as possible.

FINANCIAL ANALYSIS OF THE LIBRARY'S FUNDS

As noted earlier, the Library uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

Governmental funds. As of December 31, 2017, governmental fund (General Fund) fund balance of \$638,275 increased by \$63,568 from December 31, 2016.

**WEST CARROLL PARISH LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017**

Governmental funds revenues increased by \$5,634 while expenditures increased by \$4,291 from the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The board approved one amendment to the 2017 budget. The amendment decreased revenues by \$13,500 and decreased expenditures by \$43,310. Actual amounts were favorable to budget amounts.

CAPITAL ASSETS

West Carroll Parish Library's investment in capital assets for its governmental activities as of December 31, 2017, totaled \$78,462 (net of accumulated depreciation). This investment includes vehicles, furniture and equipment, building improvements, and Library materials. During 2017, the Library purchased \$39,105 in Library materials and disposed of \$162 in Library materials.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The West Carroll Parish Library does not anticipate any significant changes in its 2018 operations as compared to 2017's operations. Therefore, the 2018 budget is comparable to the 2017 operating statement.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the West Carroll Parish Library's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to P.O. Box 703, Oak Grove, Louisiana 71263.



INDEPENDENT AUDITOR'S REPORT

Honorable Members of the Board
West Carroll Parish Library
Oak Grove, Louisiana

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the West Carroll 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 (pages 1-5), budgetary comparison information (page 35), Schedule of Employer's Proportionate Share of Net Pension Liability (page 36), and Schedule of Employer Contributions (page 37) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the West Carroll Parish Library's basic financial statements. The schedule of compensation, benefits, reimbursements and other payments to agency head (Director), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

West Carroll Parish Library
Oak Grove, Louisiana
Independent Auditor's Report
December 31, 2017
Page Three

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2018, on our consideration of the West Carroll 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the West Carroll Parish Library's internal control over financial reporting and compliance.

BOSCH & STATHAM, LLC



Ruston, Louisiana
June 28, 2018

Basic Financial Statements

**WEST CARROLL PARISH LIBRARY
OAK GROVE, LOUISIANA**

**STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2017 AND 2016**

ASSETS	2017	2016
Cash and cash equivalents	\$ 349,633	\$ 280,187
Investments	60,189	60,189
Receivables	276,629	264,008
Capital assets, net of accumulated depreciation	78,462	68,622
TOTAL ASSETS	764,913	673,006
DEFERRED OUTFLOWS		
Pension related	37,705	43,476
LIABILITIES		
Current liabilities:		
Accounts, salaries, and other payables	20,082	13,198
Noncurrent liabilities:		
Net pension liability	29,062	28,687
TOTAL LIABILITIES	49,144	41,885
DEFERRED INFLOWS		
Pension related	5,086	4,559
NET POSITION		
Net investment in capital assets	78,462	66,616
Unrestricted	669,926	603,422
TOTAL NET POSITION	\$ 748,388	\$ 670,038

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

WEST CARROLL PARISH LIBRARY
OAK GROVE, LOUISIANA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

FUNCTIONS - GOVERNMENTAL ACTIVITIES	EXPENSES	PROGRAM REVENUES		NET (EXPENSE)
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	REVENUE AND CHANGES IN NET ASSETS
Culture and recreation	\$ 248,070	\$ 11,832	\$ 893	\$ (235,345)
General revenues:				
Property taxes levied for:				
Culture and recreation				293,553
Unrestricted grants and contributions				15,742
Unrestricted investment earnings				523
Other				3,877
Total general revenues				<u>313,695</u>
Change in net position				<u>78,350</u>
Net assets at beginning of year				<u>670,038</u>
Net position at end of year				<u>\$ 748,388</u>

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

WEST CARROLL PARISH LIBRARY
OAK GROVE, LOUISIANA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

FUNCTIONS - GOVERNMENTAL ACTIVITIES	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
Culture and recreation	\$ 225,356	\$ 13,395	\$ 1,786	\$ (210,175)
General revenues:				
Property taxes levied for:				
Culture and recreation				270,551
State grants				15,145
Unrestricted investment earnings				493
Other				5,829
Total general revenues				292,018
Change in net position				81,843
Net position at beginning of year				588,195
Net position at end of year				\$ 670,038

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

**WEST CARROLL PARISH LIBRARY
OAK GROVE, LOUISIANA**

**GOVERNMENTAL FUND - GENERAL FUND - BALANCE SHEETS
AS OF DECEMBER 31, 2017 AND 2016**

ASSETS	2017	2016
Cash and cash equivalents	\$ 349,633	\$ 280,187
Investments	60,189	60,189
Receivables	276,629	264,008
TOTAL ASSETS	<u>\$ 686,451</u>	<u>\$ 604,384</u>
LIABILITIES		
Accounts, salaries, and other payables	\$ 20,082	\$ 13,198
DEFERRED INFLOWS		
Property taxes unavailable	28,094	16,479
FUND EQUITY - FUND BALANCE		
Assigned for expansion and renovation	60,000	60,000
Unassigned	578,275	514,707
Total fund balance	638,275	574,707
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	<u>\$ 686,451</u>	<u>\$ 604,384</u>

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

**WEST CARROLL PARISH LIBRARY
OAK GROVE, LOUISIANA**

**STATEMENTS OF GOVERNMENTAL REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017	2016
Revenues:		
Ad valorem taxes	\$ 281,902	\$ 271,940
Intergovernmental funds:		
State funds	16,671	17,265
Fines and forfeitures	1,200	1,264
Charges for services	10,632	12,131
Investment earnings	523	493
Other revenues	2,835	5,036
Total revenues	<u>313,763</u>	<u>308,129</u>
Expenditures:		
Current:		
Culture and recreation:		
Personal services	123,930	126,535
Operating services	56,903	57,422
Materials and supplies	12,291	10,394
Capital outlay	46,010	41,111
Intergovernmental	11,061	10,442
Total expenditures	<u>250,195</u>	<u>245,904</u>
Net change in fund balance	63,568	62,225
Fund balance at beginning of year	574,707	512,482
Fund balance at end of year	<u>\$ 638,275</u>	<u>\$ 574,707</u>

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

WEST CARROLL PARISH LIBRARY
OAK GROVE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2017 and 2016

Introduction

The West Carroll Parish Library was established by the West Carroll Parish Police Jury, under the provisions of Louisiana Revised Statute 25:211. The Library provides citizens of the parish access to library materials, books, magazines, records, and films. The Library is governed by a board of control which is appointed by the parish police jury in accordance with the provisions of Louisiana Revised Statute 25:214. The members of the Board of Control serve without compensation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

Reporting entity

As the governing authority of the parish, for reporting purposes, the West Carroll Parish Police Jury is the financial reporting entity for West Carroll Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, establishes criteria for determining which component units should be considered part of the West Carroll Parish Police Jury for financial reporting purposes. The basic criteria for including a potential component unit within the reporting entity are financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criterion includes:

1. Appointing a voting majority of an organization's governing body, and;
 - a. The ability of the police jury to impose its will on that organization and/or;
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.

WEST CARROLL PARISH LIBRARY
OAK GROVE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting entity (Continued)

3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury appoints the Library Board of Control and the Library provides services to all residents of West Carroll Parish, the West Carroll Parish Library was determined to be a component unit of the West Carroll Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the Library and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

Funds

The Library uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Library functions or activities. A fund is a separate fiscal and accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures.

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

Measurement focus and basis of accounting

Fund Financial Statements (FFS)

The amounts reflected in the governmental fund financial statements are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

WEST CARROLL PARISH LIBRARY
OAK GROVE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement focus and basis of accounting (Continued)

Fund Financial Statements (FFS) (Continued)

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

Revenues

Ad valorem taxes and the related state revenue sharing are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, attach as an enforceable lien, and become due and payable on the date the tax rolls are filed with the recorder of mortgages.

Louisiana Revised Statute 47:1993 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December of the current year and January and February of the ensuing year.

Fees, fines, and forfeitures are recorded when the Library is entitled to the funds. Interest income on time deposits is recorded when the time deposits have matured. Interest income on demand deposits is recorded monthly when the interest is earned and credited to the account.

Based on the above criteria, ad valorem taxes and state revenue sharing have been treated as susceptible to accrual.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

WEST CARROLL PARISH LIBRARY
OAK GROVE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement focus and basis of accounting (Continued)

Fund Balance Type Definitions

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the West Carroll Parish Library classifies governmental fund balances as follows:

Non-spendable	Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
Restricted	Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
Committed	Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end. Fund balance may be committed by the West Carroll Parish Library Board.
Assigned	Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the West Carroll Library Board.
Unassigned	Includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

Government-Wide Financial Statements (GWFS)

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

Program Revenues - Program revenues included in the Statements of Activities are derived directly from the Library's users as a fee for services. Program revenues reduce the cost of the function to be financed from the Library's general revenues.

**WEST CARROLL PARISH LIBRARY
OAK GROVE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017 and 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement focus and basis of accounting (Continued)

Reconciliation

The reconciliation of the items reflected in the fund statements to the government-wide statements is as follows:

	<u>2017</u>	<u>2016</u>
Fund balance	\$ 638,275	\$ 574,707
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources	78,462	68,622
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	28,094	16,479
Deferred outflows - pension related	37,705	43,476
Some liabilities are not due and payable in the current period and are therefore not reported in the funds:		
Net pension liability	(29,062)	(28,687)
Deferred inflows - pension related	<u>(5,086)</u>	<u>(4,559)</u>
Net position of governmental activities	<u>\$ 748,388</u>	<u>\$ 670,038</u>

**WEST CARROLL PARISH LIBRARY
OAK GROVE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017 and 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement focus and basis of accounting (Continued)

Reconciliation (Continued)

	<u>2017</u>	<u>2016</u>
Net change in fund balance	\$ 63,568	\$ 62,225
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay	39,105	39,467
Depreciation	(29,265)	(28,472)
Gain on deletions	-	2,006
<p>Revenues that do not provide current financial resources are deferred in the funds, but are recognized on the statement of activities.</p>		
Current year deferred revenue	28,094	16,479
Prior year deferred revenue	(16,479)	(18,202)
<p>Some items reported in the statement of activities, such as a net decrease or increase in compensated absences, do not require the use of current financial resources, nor do they provide any, and therefore are not reported as expenditures or revenues in the governmental funds.</p>		
Change in GASB 68 pension liability	<u>(6,673)</u>	<u>8,340</u>
Change in net position of governmental activities	<u>\$ 78,350</u>	<u>\$ 81,843</u>

WEST CARROLL PARISH LIBRARY
OAK GROVE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement focus and basis of accounting (Continued)

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 \$1,000 or more for capitalizing capital assets. Capital assets are recorded in the GWFS, but are not reported in the FFS. Since surplus assets are sold for an immaterial amount when declared as no longer needed for their intended purposes by the Library, no salvage value is taken into consideration for depreciation purposes. All capital assets are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Building improvements	15 Years
Vehicles	5 Years
Furniture and equipment	3 - 15 Years
Library materials	10 Years

Approximately 95 percent of capital assets are valued at actual historical costs while the remaining 5 percent are based on estimated historical costs based on the actual costs of like items.

Cash and cash equivalents and investments

Custodial credit risk is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. The Library's policy to ensure that there is no exposure to this risk is to require each financial institution to pledge its own securities to cover any amount in excess of Federal Depository Insurance Coverage (FDIC). Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Library that the fiscal agent bank has failed to pay deposited funds upon demand. Accordingly, the Library had no custodial credit risk related to its deposits at December 31, 2017 and 2016.

The Library's investment policy is governed by state statute. Under state law, the Library may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2017 and 2016, the Library had cash and cash equivalents (book balances in demand deposits) totaling \$349,633 and \$280,187, respectively.

These deposits are stated at cost, which approximates market. 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. Cash and cash equivalents (bank balances) at December 31, 2017 and 2016, were \$420,792 and \$355,632, respectively. These deposits were fully insured by FDIC.

WEST CARROLL PARISH LIBRARY
OAK GROVE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents and investments (Continued)

The West Carroll Parish Library considers all investments with an original maturity of ninety days or less to be cash equivalents. Those investments with an original maturity greater than ninety days are reported as investments in the financial statements.

Included in the bank balances above are certificates of deposit totaling \$60,189. These certificates of deposit are reported as investments in the accompanying financial statements.

Vacation and sick leave

Employees receive from five to twenty days of vacation leave each year, depending on length of service and professional status. Vacation leave is not cumulative. Sick leave is earned at the rate of one day per month, with a maximum accumulation of eighteen days. Upon termination, employees may be paid for one out of every four sick leave days accrued. Upon retirement, accumulated sick leave is considered earned service for purposes of calculating employees' retirement benefits. At December 31, 2017, there are no material accumulated and vested benefits relating to vacation and sick leave that require accrual or disclosure.

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.

NOTE 2 - RISK MANAGEMENT

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and injuries to employees. To handle such risk of loss, the Library maintains a commercial insurance policy covering property, general liability, employee fidelity, and workers' compensation.

No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the years ended December 31, 2017 and 2016.

**WEST CARROLL PARISH LIBRARY
OAK GROVE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017 and 2016**

NOTE 3 - LEVIED TAXES

The ad valorem tax millage levied by the Library was 4.74 for the year ended December 31, 2017 and 4.74 for the year ended December 31, 2016. The authorized millage for the years ended December 31, 2017 and 2016 was 4.62. The current tax expires in 2017. Any difference between authorized and levied millages is the result of reassessments of taxable property within the parish as required by Article 7, Section 18 of the Louisiana Constitution of 1974. The following are the principal taxpayers for the parish and their 2017 assessed valuation (amounts expressed in thousands):

	2017 Assessed Valuation	Percent of Total Assessed Valuation
Trunkline Gas Company	\$ 21,403	27.23%
BP America, Inc.	2,174	2.77%
Southern Natural Gas Company	1,964	2.50%
Agspring Mississippi Region, LLC	2,059	2.62%
EntergyLouisiana Holdings, Inc.	1,893	2.41%
ANR Pipeline Company	1,048	1.33%
Northeast Louisiana Power Co-Op	872	1.11%
Mid-Valley Pipeline Co.	774	0.98%
Crop Production Services	491	0.62%
Lamb Weston, Inc.	392	0.50%
Total	<u>\$ 33,070</u>	<u>42.07%</u>

NOTE 4 - RECEIVABLES

The receivables of \$276,629 and \$264,008 at December 31, 2017 and 2016, respectively, consisted of the following:

	<u>2017</u>	<u>2016</u>
Ad valorem taxes	\$ 260,887	\$ 248,211
State revenue sharing	15,742	15,797
Total	<u>\$ 276,629</u>	<u>\$ 264,008</u>

**WEST CARROLL PARISH LIBRARY
OAK GROVE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017 and 2016**

NOTE 5 - CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2017, follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets being depreciated:				
Vehicles	\$ 64,319	\$ -	\$ -	\$ 64,319
Furniture and equipment	76,543	-	-	76,543
Building improvements	50,932	-	-	50,932
Library materials	451,127	39,105	(162)	490,070
Total capital assets being depreciated	<u>642,921</u>	<u>39,105</u>	<u>(162)</u>	<u>681,864</u>
Less accumulated depreciation:				
Vehicles	(64,319)	-	-	(64,319)
Furniture and equipment	(70,819)	(2,292)	-	(73,111)
Building improvements	(39,474)	(3,395)	-	(42,869)
Library materials	(399,687)	(23,578)	162	(423,103)
Total accumulated depreciation	<u>(574,299)</u>	<u>(29,265)</u>	<u>162</u>	<u>(603,402)</u>
Net capital assets	<u>\$ 68,622</u>	<u>\$ 9,840</u>	<u>\$ -</u>	<u>\$ 78,462</u>

The depreciation rate for Library materials was reduced from ten percent to five percent for 2013 and future years due to changes in the average useful lives of books and the trend of purchases versus disposals.

A summary of changes in capital assets for the year ended December 31, 2016, follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets being depreciated:				
Vehicles	\$ 64,319	\$ -	\$ -	\$ 64,319
Furniture and equipment	79,920	-	(3,377)	76,543
Building improvements	50,932	-	-	50,932
Library materials	441,613	39,467	(29,953)	451,127
Total capital assets being depreciated	<u>636,784</u>	<u>39,467</u>	<u>(33,330)</u>	<u>642,921</u>
Less accumulated depreciation:				
Vehicles	(64,319)	-	-	(64,319)
Furniture and equipment	(69,997)	(2,810)	1,988	(70,819)
Building improvements	(39,474)	(3,395)	3,395	(39,474)
Library materials	(407,373)	(22,267)	29,953	(399,687)
Total accumulated depreciation	<u>(581,163)</u>	<u>(28,472)</u>	<u>35,336</u>	<u>(574,299)</u>
Net capital assets	<u>\$ 55,621</u>	<u>\$ 10,995</u>	<u>\$ 2,006</u>	<u>\$ 68,622</u>

**WEST CARROLL PARISH LIBRARY
OAK GROVE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017 and 2016**

NOTE 6 – RETIREMENT SYSTEM

Parochial Employees' Retirement System of Louisiana (System)

Plan Description

The West Carroll Parish Library contributes to the Parochial Employees' Retirement System of Louisiana (System) which is a cost sharing multiple employer defined benefit pension plan. All permanent employees working at least 28 hours per week are eligible to participate in the System. As of January 1997, elected officials, except coroners, justices of the peace, and parish presidents may no longer join PERS. Section 1901 through 2025 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:1901-2025) and other general laws of the State of Louisiana govern PERS.

The System 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.

Any member of Plan A who was hired prior to January 1, 2007, can retire providing he/she meets one of the following criteria:

1. Any age after 30 years of creditable service.
2. Age 55 after 25 years of creditable service.
3. Age 60 after 10 years of creditable service.
4. Age 65 after seven years creditable service.

Eligibility for retirement for Plan A members hired on or after January 1, 2007 is as follows:

1. Age 55 after 30 years of creditable service.
2. Age 62 after 10 years of creditable service.
3. Age 67 after seven years of creditable service.

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

The System also provides death and disability benefits. Benefits are established or amended by state statute.

For the year ended December 31, 2017, the West Carroll Parish Library's total payroll for all employees was \$98,632. Total covered payroll was \$75,998. Covered payroll refers to all compensation paid by the West Carroll Parish Library to active employees covered by the Plan.

**WEST CARROLL PARISH LIBRARY
OAK GROVE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017 and 2016**

NOTE 6 – RETIREMENT SYSTEM (CONTINUED)

Parochial Employees' Retirement System of Louisiana (System) (Continued)

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Parochial Employees Retirement System of Louisiana, 7509 Wrenwood Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 928-1361, or by visiting the System's website www.persla.org.

Contributions

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ended December 31, 2017, the actual employer contribution rate was 12.50% for Plan A, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations.

Under Plan A, members are required by state statute to contribute 9.50% of their annual covered salary. The contributions are deducted from the employee's wages or salary and remitted by the West Carroll Parish Library to the System monthly. The West Carroll Parish Library's contributions to the System under Plan A for the year ending December 31, 2017 were \$9,500.

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

At December 31, 2017, the Employer reported a liability of \$29,062 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 West Carroll Parish Library's proportion of the Net Pension Liability was based on a projection of the Library's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2016, the Library's proportion was 0.014111%, which was an increase of 0.003213% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the West Carroll Parish Library recognized pension expense of \$17,262 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, which was (\$9,547). Total pension expense for the West Carroll Parish Library for the year ended December 31, 2017 was \$7,715.

**WEST CARROLL PARISH LIBRARY
OAK GROVE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017 and 2016**

NOTE 6 – RETIREMENT SYSTEM (CONTINUED)

Parochial Employees' Retirement System of Louisiana (System) (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$-	\$5,086
Changes in assumption	22,553	-
Net difference between projected and actual earnings on pension plan investments	5,518	-
Changes in employer's portion of beginning net pension liability	134	-
Differences between employer contributions and proportionate share of employer contributions	-	-
Subsequent measurement contributions	9,500	-
Total	\$496,585	\$64,765

The \$9,500 reported as deferred outflows of resources related to pensions resulting from the West Carroll Parish Library contributions subsequent to the measurement date will be recognized as a reduction of Net Pension Liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ended December 31,	
2017	\$8,155
2018	8,155
2019	8,155
2020	8,155

**WEST CARROLL PARISH LIBRARY
OAK GROVE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017 and 2016**

NOTE 6 – RETIREMENT SYSTEM (CONTINUED)

Parochial Employees' Retirement System of Louisiana (System) (Continued)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2016, are as follows:

Valuation Date	December 31, 2016
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	7.00% (net of investment expense, including inflation)
Salary increases	5.25% (2.75% merit, 2.50% inflation)
Mortality rates	RP-2000 Employee Sex Distinct Table was selected for employees. RP-2000 Healthy Annuitant Sex Distinct Tables were selected for annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.
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 discount rate used to measure the total pension liability was 7.00% for Plan A and 7.00% for Plan B. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined 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 those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the capital asset pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term

**WEST CARROLL PARISH LIBRARY
OAK GROVE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017 and 2016**

NOTE 6 – RETIREMENT SYSTEM (CONTINUED)

Parochial Employees' Retirement System of Louisiana (System) (Continued)

expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.66% for the year ended December 31, 2016.

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 Allocation	Long-Term Expected Real Rate of Return
Fixed income	35%	1.24%
Equity	52%	3.63%
Alternatives	11%	0.67%
Real Assets	2%	0.12%
Totals	<u>100%</u>	<u>5.66%</u>
Inflation		<u>2.00%</u>
Expected arithmetic nominal return		<u><u>7.66%</u></u>

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate 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 those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the West Carroll Parish Library's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

**WEST CARROLL PARISH LIBRARY
OAK GROVE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017 and 2016**

NOTE 6 – RETIREMENT SYSTEM (CONTINUED)

Parochial Employees' Retirement System of Louisiana (System) (Continued)

	1.0% Decrease (6.00%)	Current Discount Rate (7.00%)	1.0% Increase (8.00%)
Employer's proportionate share of net pension liability	\$86,935	\$29,062	(\$19,872)

Payables to the Pension Plan

These financial statements do not include a payable to the pension plan.

Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued Parochial Employees' Retirement System of Louisiana Audit Report at www.persla.org.

NOTE 7 - ASSIGNED FUND BALANCE

In a prior year, the West Carroll Parish Library Board of Control placed \$60,000 in a certificate of deposit that they intend to use future building expansion and renovations.

NOTE 8 - STEWARDSHIP

Actual revenues exceeded budgeted revenues while actual expenditures were below budgeted expenditures.

NOTE 9 - LITIGATION AND CLAIMS

At December 31, 2017, the West Carroll Parish Library is not involved in any litigation.

NOTE 10 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 28, 2018, the date on which the financial statements were available to be issued.

WEST CARROLL PARISH LIBRARY
OAK GROVE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017 and 2016

NOTE 11 – NEW ACCOUNTING STANDARDS

Issued in June of 2015, GASB Statement 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, and GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, aim to improve accounting and financial reporting for OPEB, resulting from a comprehensive review of the effectiveness of existing standards. The requirements of these Statements will improve financial reporting through enhanced note disclosures and schedules of RSI that will be presented by OPEB plans. These Statements establish standards for recognizing and measuring liabilities, deferred outflows and inflows of resources, and expenses/expenditures. GASB 74 is effective for years beginning after May 26, 2016, and GASB 75 is effective for years beginning after June 15, 2017. The Library is not impacted by the provisions of this Statement.

GASB Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*, was issued in January 2016. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged. This statement does not affect the Library's financial statements.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, was issued in March 2016. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. Earlier application is encouraged. This statement does not affect the Library's financial statements.

GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*, was issued in March 2016. This Statement clarifies that a deviation, as the term is used in Actuarial Standards of Practice issued by the Actuarial Standards Board, from the guidance in an Actuarial Standard of Practice is not considered to be in conformity with the requirements of Statement 67, Statement 68, or Statement 73 for the selection of assumptions used in determining the total pension liability and related measures. This Statement clarifies that payments that are made by an employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements should be classified as plan member contributions for purposes of Statement 67 and as employee contributions for purposes of Statement 68. It also requires that an employer's expense and expenditures for those amounts be recognized in the period for which the contribution is assessed and classified in the same manner as the employer classifies similar

WEST CARROLL PARISH LIBRARY
OAK GROVE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017 and 2016

NOTE 11 – NEW ACCOUNTING STANDARDS (CONTINUED)

compensation other than pensions (for example, as salaries and wages or as fringe benefits). The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged. This statement will not have a significant effect on the Library's financial statements.

GASB Statement No. 83, *Certain Asset Retirement Obligations*, was issued in November 2016. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. This statement is not expected to affect the Library's financial statements.

GASB Statement No. 84, *Fiduciary Activities*, was issued in January 2017. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. This statement is not expected to affect the Library's financial statements.

GASB Statement No. 85, *Omnibus 2017*, was issued in March 2017. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. This statement is not expected to have a significant impact on the Library's financial statements.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, was issued in May 2017. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. This statement is not expected to affect the Library's financial statements.

WEST CARROLL PARISH LIBRARY
OAK GROVE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017 and 2016

NOTE 11 – NEW ACCOUNTING STANDARDS (CONTINUED)

GASB Statement No. 87, *Leases*, was issued in June 2017. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, was issued in April 2018. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

Required Supplemental Information (Part II)

**WEST CARROLL PARISH LIBRARY
OAK GROVE, LOUISIANA**

**GENERAL FUND BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2017**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Revenues:				
Ad valorem taxes	\$ 272,000	\$ 260,000	\$ 281,902	\$ 21,902
Intergovernmental funds:				
State funds	17,700	17,800	16,671	(1,129)
Fines and forfeitures	1,200	1,200	1,200	-
Charges for services	11,500	11,300	10,632	(668)
Investment earnings	500	500	523	23
Other revenues	4,300	2,900	2,835	(65)
Total revenues	<u>307,200</u>	<u>293,700</u>	<u>313,763</u>	<u>20,063</u>
Expenditures:				
Current:				
Culture and recreation:				
Personal services	164,200	130,000	123,930	6,070
Operating services	77,325	67,275	56,903	10,372
Materials and supplies	12,750	14,950	12,291	2,659
Capital outlay	42,200	41,100	46,010	(4,910)
Intergovernmental	10,660	10,500	11,061	(561)
Total expenditures	<u>307,135</u>	<u>263,825</u>	<u>250,195</u>	<u>13,630</u>
Net change in fund balance	65	29,875	63,568	33,693
Net assets at beginning of year (restated)	<u>525,314</u>	<u>574,707</u>	<u>574,707</u>	-
Fund balance at end of year	<u>\$ 525,379</u>	<u>\$ 604,582</u>	<u>\$ 638,275</u>	<u>\$ 33,693</u>

Note: The budget is presented on the modified accrual basis of accounting.

WEST CARROLL PARISH LIBRARY
OAK GROVE , LOUISIANA

SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2017

	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.014111%	0.010898%	0.010918%
Employer's proportionate share of the net pension liability (asset)	\$ (29,062)	\$ (28,687)	\$ (2,985)
Employer's covered employee payroll	\$ 83,683	\$ 62,481	\$ 67,783
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	-34.73%	-45.91%	-4.40%
Plan fiduciary net pension as a percentage of the total pension liability	94.15%	92.23%	99.15%

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

**WEST CARROLL PARISH LIBRARY
OAK GROVE , LOUISIANA**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	2017	2016	2015
Contractually required contribution	\$ 9,500	\$ 10,879	\$ 9,060
Contributions in relation to contractually required contribution	\$ 9,500	\$ 10,879	\$ 9,060
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Employer's covered employee payroll	\$ 75,998	\$ 83,683	\$ 62,481
Contributions as a percentage of covered employee payroll	12.50%	13.00%	14.50%

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

Other Supplemental Information

WEST CARROLL PARISH LIBRARY
OAK GROVE, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS, REIMBURSEMENTS
AND OTHER PAYMENTS TO AGENCY HEAD (DIRECTOR)

FOR THE YEAR ENDED DECEMBER 31, 2017

Jan Franklin, Director:	
Salary	\$ 33,134
Benefits:	
Medicare	480
Retirement contributions	4,142
Insurance	6,489
Total	<u>\$ 44,246</u>

Other Reports



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*

Honorable Members of the Board
West Carroll Parish Library
Oak Grove, 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 West Carroll Parish Library, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise West Carroll Parish Library's basic financial statements, and have issued our report thereon dated June 28, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the West Carroll 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 West Carroll Parish Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the West Carroll Parish Library's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as 2017-001, that we consider to be a material weakness.

West Carroll Parish Library
Oak Grove, Louisiana
Report - GAGAS
December 31, 2017

Compliance and Other Matters

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

West Carroll Parish Library's Response to Findings

West Carroll Parish Library's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. West Carroll Parish Library's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, it is issued by the Legislative Auditor as a public document.

BOSCH & STATHAM, LLC

Bosch & Statham

Ruston, Louisiana
June 28, 2018

WEST CARROLL PARISH LIBRARY
OAK GROVE, LOUISIANA

SCHEDULE OF FINDINGS AND RESPONSES
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the basic financial statements of the West Carroll Parish Library.
2. The Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* includes one material weakness.
3. No instances of noncompliance material to the financial statements of the West Carroll Parish Library were disclosed during the audit.

B. CURRENT YEAR FINDINGS - FINANCIAL STATEMENTS AUDIT

2017-1 Segregation of Duties

Condition/Criteria/Effect

During 2017, the Director performed many functions including:

- Opening mail
- Preparing deposits
- Recording deposits
- Preparing vendor checks
- Processing payroll
- Signing checks
- Issuing checks

The President of the Board provides some oversight. However, it is not adequate to affect a proper segregation of duties. A proper internal control system segregates the duties of authorization, custody, and recording. Lack of proper segregation of duties increases the risk that assets could be misappropriated or misstatements recorded and that such actions could go undetected.

Cause

It is not feasible for other employees to be assigned any of the above duties.

Recommendation

We understand that the Library has concluded that it is not feasible to correct this deficiency. We recommend that the Board or a designated board member review monthly financial statements and bank statements on a regular basis.

WEST CARROLL PARISH LIBRARY
OAK GROVE, LOUISIANA

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017

Management's Response

The President will continue performing this function.

C. PRIOR YEAR FINDINGS - FINANCIAL STATEMENTS AUDIT

2016-1 Segregation of Duties

Current status: Unresolved See 2017-1