

JEFFERSON DAVIS PARISH LIBRARY
Jennings, Louisiana

Annual Financial Statements
As of and for the Year Ended December 31, 2011

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INDEPENDENT AUDITOR'S REPORT

Board of Control
Jefferson Davis Parish Library
Jennings, Louisiana

I have audited the accompanying financial statements of the governmental activities and the major fund information of the Jefferson Davis Parish Library, a component unit of the Jefferson Davis Parish Police Jury, as of December 31, 2011, which collectively comprises the Jefferson Davis Parish Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Jefferson Davis Parish Library's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities and the major fund information of the Jefferson Davis Parish Library, as of December 31, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 18, 2012, on my consideration of Jefferson Davis Parish Library's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

The Jefferson Davis Parish Library has omitted a management's discussion and analysis that accounting principles generally accepted in the United States require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an

essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 18 to 20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Mike B. Gillespie, CPA, APAC

Jennings, Louisiana

June 18, 2012

BASIC FINANCIAL STATEMENTS

JEFFERSON DAVIS PARISH LIBRARY
Governmental Funds Balance Sheet / Statement of Net Assets
December 31, 2011

Statement A

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
ASSETS			
Cash	\$ 21,950		21,950
Investments	300,331		300,331
Receivables:			
Due from other governments:			
Property taxes	1,001,913		1,001,913
State revenue sharing	19,903		19,903
Prepaid Expenses	7,120		7,120
Capital assets, net of accumulated depreciation		1,721,586	1,721,586
Total Assets	<u>1,351,217</u>	<u>1,721,586</u>	<u>3,072,803</u>
LIABILITIES			
Accounts payable	4,825		4,825
Deferred revenues	1,061,073		1,061,073
Long-term liabilities			
Due within one year		3,213	3,213
Due in more than one year	-		-
Total Liabilities	<u>1,065,898</u>	<u>3,213</u>	<u>1,069,111</u>
FUND BALANCE / NET ASSETS			
Nonspendable-prepaid expense	7,120	(7,120)	-
Unassigned	278,199	(278,199)	-
Total Fund Balance	<u>285,319</u>	<u>(285,319)</u>	<u>-</u>
 Total Liabilities and Fund Balance	 <u>\$ 1,351,217</u>		
NET ASSETS			
Invested in capital assets, net of related debt		1,721,586	1,721,586
Unrestricted		282,106	282,106
Total Net Assets		<u>\$ 2,003,692</u>	<u>2,003,692</u>

The accompanying notes are an integral part of this statement.

JEFFERSON DAVIS PARISH LIBRARY
Statement of Governmental Fund Revenues, Expenditures, and
Changes in Fund Balances / Statement of Activities
For the Year Ended December 31, 2011

Statement B

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES/ EXPENSES			
Current			
Culture and Recreation-Library Services:			
Salaries and related benefits	\$ 492,535	1,368	493,903
Operating services	169,386		169,386
Materials and supplies	45,087		45,087
Travel and other charges	12,905		12,905
Deduction from property taxes	32,244		32,244
Loss on sale of bookmobile		75,624	75,624
Depreciation expense		159,631	159,631
Capital outlay	<u>411,651</u>	<u>(411,651)</u>	<u>-</u>
Total Expenditures / Expenses	<u>1,163,808</u>	<u>(175,028)</u>	<u>988,780</u>
PROGRAM REVENUES			
Fees, fines and other charges for service	17,311		17,311
Operating grants and contributions	1,826		1,826
Total Program Revenues	<u>19,137</u>	<u>-</u>	<u>19,137</u>
Net Program Expenses			<u>(969,643)</u>
GENERAL REVENUES			
Property taxes, levied for general purposes	1,010,445		1,010,445
State revenue sharing	30,800		30,800
Interest earnings	3,153		3,153
Proceeds from the sale of assets	4,000	(4,000)	-
Miscellaneous	15,369		15,369
Total General Revenues	<u>1,063,767</u>	<u>(4,000)</u>	<u>1,059,767</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(80,904)	80,904	-
CHANGE IN NET ASSETS		<u>90,124</u>	<u>90,124</u>
FUND BALANCE / NET ASSETS:			
Beginning of the Year	366,223	1,547,345	1,913,568
End of the Year	<u>\$ 285,319</u>	<u>1,718,373</u>	<u>2,003,692</u>

The accompanying notes are an integral part of this statement.

NOTES TO THE BASIC FINANCIAL STATEMENTS

JEFFERSON DAVIS PARISH LIBRARY

NOTES TO THE BASIC FINANCIAL STATEMENTS

INTRODUCTION

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying basic financial statements of the Library have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis – for State and Local Governments*, issued in June 1999.

B. REPORTING ENTITY

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

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

C. FUND ACCOUNTING

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

Governmental Funds

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

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

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

D. MEASUREMENT FOCUS / BASIS OF ACCOUNTING

Fund Financial Statements (FFS)

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

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

Revenues

Ad valorem taxes and the related state revenue sharing (which is based on population and homesteads in the parish) are recognized as revenue in the period for which levied, thus the 2010 property taxes which are being levied to finance the 2011 budget will be recognized as revenue in 2011. The 2011 tax levy has been recorded as deferred revenue in the Library's 2011 financial statements. Charges for services are recorded when earned since they are measurable and available. Fines, forfeitures, and miscellaneous revenues are recorded as revenues when received in cash by the Library because they are generally not measurable until actually received. Grant revenues are recognized at the time the Library is entitled to the funds. Interest income represents amounts earned on deposits and investments with financial institutions. Interest earned is recorded when earned and available.

Expenditures

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

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

Deferred Revenues

Deferred revenues relate primarily to property taxes and related state revenue sharing assessed in 2011, but levied to finance the Library's 2012 expenditures.

Government-Wide Financial Statements (GWFS)

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

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

Reconciliation

The reconciliation of the items reflected in the funds columns to the Statement of Activities (Statement B) and Statement of Net Assets (Statement A) are as follows:

Reconciliation of Total Governmental Fund Balance to Net Asset of Governmental Activities:

Total Ending Fund Balance – Governmental Fund	\$ 285,319
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Cost of capital assets	\$ 3,228,236	
Accumulated depreciation	(1,506,650)	1,721,586

Long term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. Long term liabilities at year end consist of:

Compensated absences payable	(3,213)
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Net Assets	\$ <u>2,003,692</u>
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JEFFERSON DAVIS PARISH LIBRARY
NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Total Net Change in Fund Balance – Governmental Funds	\$	(80,904)	
Amounts reported for governmental activities in the statement of activities are different because:			
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 as depreciation expense.			
Depreciation expense	\$	(159,631)	
Capital outlays and other expenditures		411,651	252,020
Net effect of various transaction involving capital assets (ie., sales, trade-ins, and contributions) is to decrease net assets			(79,624)
In the statement of activities certain operating expenses, compensated absences, are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).			
Compensated absences used / paid		18,266	
Compensated absences earned		(19,634)	(1,368)
Change in Net Assets of Governmental Activities	\$		90,124

E. INVESTMENTS

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

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

Investments are stated at fair value as established by open market, except for LAMP. The Library's only investment during the year was in LAMP. LAMP is an external investment pool which is operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. In accordance with GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the Library has stated their investments in LAMP at the pool's share price. Rule 2a7 allows SEC registered mutual funds to use amortized cost rather than market value to report net assets to compute share price if certain conditions are met.

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

F. ACCOUNTS RECEIVABLE

The financial statements for the Library contain an allowance for uncollectible accounts of \$31,893. Uncollectible amounts for ad valorem taxes are estimated and recognized as bad debts based on historical trends and amounts for other receivables are recognized at the time information becomes available which would indicate the collectability of the particular receivable.

G. CAPITAL ASSETS

Fund Financial Statements

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

Government-wide Financial Statements

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

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

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

H. NON-CURRENT LIABILITIES

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

Fund Financial Statements

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

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

Government-wide Financial Statements

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

I. COMPENSATED ABSENCES

All full-time staff members accrue vacation leave on January 1 of each year for work performed during the previous 12 months. One-half of the vacation leave earned each year may be carried forward. All fulltime employees receive 10 days of vacation. All employees who work 5 cumulative years will be given an additional day of vacation each anniversary of employment until the employee reaches a maximum of 20 days of vacation. Part time employees working half time or more on a regular schedule receive the same proportionate vacation allowance as is given full time staff employees. Employees working less than half time or on a temporary basis receive no vacation time. Employees are allowed one day sick leave per month and may accumulate up to 60 days of sick leave. Upon termination of employment, employees may be paid for accumulated unused vacation leave.

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

J. FUND EQUITY

Fund Financial Statements

Governmental funds can report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form- prepaid items or inventories; or (b) legally or contractually required to be maintained intact. The spendable portion of the fund balance can be comprised of the remaining four classifications: restricted, committed, assigned, and unassigned defined as follows:

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

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

Assigned fund balance- This classification reflects the amounts constrained by the organization's "intent" to be used for specific purposes, but are neither restricted or

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

committed. The Board has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

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

Government-wide Financial Statements

Equity is classified as net assets and displayed in three components:

Invested 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.

Restricted net assets – Consists of net assets with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net assets – All other net assets 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.

K. USE OF ESTIMATES

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

2. LEVIED TAXES

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

	Authorized Millage	Levied Millage	Expiration Date
Parish-wide tax	5.98	5.98	2018

Property taxes are levied each November 1st on the assessed value listed as of the prior January 1st for all real property, merchandise and movable property located in the Parish. Assessed values are established by the Jefferson Davis Parish Assessor’s Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. Taxes are due and payable December 31st with interest being charged on payments after January 1st. Taxes can be paid through the tax sale date which is usually in June. Properties for which taxes have not been paid are sold for the amount of the taxes. Taxes levied November 1, 2011 and the related state revenue sharing is for budgeted expenditures in 2012 and will be recognized as revenue in 2012.

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

3. DEPOSITS AND INVESTMENTS

Bank Deposits

The year end balances of deposits are as follows:

Deposit Type	Bank Balances	Reported Amount
Cash –on hand	\$ -	\$ 610
Cash -demand deposits	53,262	21,340
Totals	\$ 53,262	\$ 21,950

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

Custodial credit risk is the risk that in the event of a bank failure, the Library’s deposits may not be returned to it. The Library’s deposit policy for custodial credit risk requires that all uninsured deposits must be secured with acceptable collateral as defined in LRS 38:1221 valued at market. As of December 31, 2011, the Library had deposits (collected bank balances) totaling \$53,262. Of these bank deposit balances, none were exposed to custodial credit risk.

Even though pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, *Deposits and Investment Risk Disclosures*, R.S. 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 has failed to pay deposited funds upon demand.

Investments

At December 31, 2011, the Library had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years) Less Than 1
Louisiana Asset Management Pool (LAMP)	\$ 300,331	\$ 300,331
Totals	\$ 300,331	\$ 300,331

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

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

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

LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investments policies are similar to those established by Rule 2a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed or backed by the U.S. Treasury, the U.S. Government or one of its agencies, enterprises or instrumentalities, as well as repurchase agreements collateralized by those securities. The 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. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participants' shares, investments are valued at amortized cost. The fair value of participants' position is the same as the value of the pool shares. LAMP is designed to be highly liquid to give it participant's immediate access to their account balances. Investments in LAMP at December 31, 2011 amounted to \$300,331 and are classified on the Statement of Net Assets as "Investments".

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

Reported amount of cash on hand	\$	610
Reported amount of deposits		21,340
Reported amount of investments		300,331
Total	\$	<u>322,281</u>
Classified as:		
Cash	\$	21,950
Investments		300,331
Total	\$	<u>322,281</u>

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

4. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in capital assets is as follows:

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Dispositions/ Reclassifica- tions</u>	<u>Balance Ending</u>
Capital assets not being depreciated:				
Land	\$ 63,315	\$ 55,048	\$ -	\$ 118,363
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>63,315</u>	<u>55,048</u>	<u>-</u>	<u>118,363</u>
Capital assets being depreciated:				
Buildings and improvements	1,408,999	109,181	-	1,518,180
Furniture and equipment	341,193	11,959	(9,549)	343,603
Vehicles	183,312	165,852	(163,398)	185,766
Library collections	1,049,958	69,611	(57,245)	1,062,324
Total capital assets being depreciated	<u>2,983,462</u>	<u>356,603</u>	<u>(230,192)</u>	<u>3,109,873</u>
Less accumulated depreciation for:				
Buildings and improvements	311,331	36,011		347,342
Furniture and equipment	290,398	28,859	(9,549)	309,708
Vehicles	88,682	22,200	(83,774)	27,108
Library collections	807,176	72,561	(57,245)	822,492
Total accumulated depreciation	<u>1,497,587</u>	<u>159,631</u>	<u>(150,568)</u>	<u>1,506,650</u>
Total capital assets being depreciated, net	<u>1,485,875</u>	<u>196,972</u>	<u>(79,624)</u>	<u>1,603,223</u>
Capital assets, net	<u>\$ 1,549,190</u>	<u>252,020</u>	<u>(79,624)</u>	<u>1,721,586</u>

5. PENSION PLAN

Plan Description. Substantially all employees of the 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 parish 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 a 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 before January 1,

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

1980, the benefit is equal to one percent of final average salary plus \$24 for each year of supplemental-plan-only service earned before 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.

The system issued 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 Employees’ 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 9.50 percent of their annual covered salary and the Library is required to contribute at an actuarially determined rate. The current rate is 15.75 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contributions requirements of plan members and the 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 for the prior fiscal year. The Library’s contributions to the System under Plan A for the years ending December 31, 2011, 2010, and 2009, were \$49,607, \$44,744, and \$33,902 respectively, equal to the required contributions for each year.

6. LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions during the year:

	Balance			Balance	Due
	Beginning	Additions	Reductions	Ending	Within
					One Year
Compensated absences	\$ 1,845	19,634	18,266	3,213	3,213
Total long-term liabilities	\$ 1,845	19,634	18,266	3,213	3,213

7. LITIGATION AND CLAIMS

At December 31, 2011, the Library is not involved in any litigation and is not aware of any pending claims.

8. RISK MANAGEMENT

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

REQUIRED SUPPLEMENTAL INFORMATION

**JEFFERSON DAVIS PARISH LIBRARY
GOVERNMENTAL FUND - GENERAL FUND
Budgetary Comparison Schedule
For the Year Ended December 31, 2011**

Schedule 1

	Budgeted Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Fees, fines and other charges for service	\$ 12,573	12,573	\$ 17,311	\$ 4,738
Ad valorem taxes	956,800	956,800	1,010,445	53,645
State revenue sharing	20,533	20,533	30,800	10,267
State grants	-	-	-	-
Other grants	-	1,826	1,826	-
Interest earned	3,500	3,500	3,153	(347)
Proceeds from sale of assets	1,360	5,360	4,000	(1,360)
Miscellaneous	1,001	1,001	15,369	14,368
Total Revenues	<u>995,767</u>	<u>1,001,593</u>	<u>1,082,904</u>	<u>81,311</u>
EXPENDITURES				
Culture and recreation:				
Salaries and related benefits	484,392	484,536	492,535	(7,999)
Operating services	296,040	282,040	169,386	112,654
Materials and supplies	108,108	109,108	45,087	64,021
Travel and other charges	15,065	16,665	12,905	3,760
Deduction from ad valorem taxes	32,244	32,244	32,244	-
Capital outlay	255,328	256,528	411,651	(155,123)
Total Expenditures	<u>1,191,177</u>	<u>1,181,121</u>	<u>1,163,808</u>	<u>17,313</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(195,410)	(179,528)	(80,904)	98,624
FUND BALANCES BEGINNING OF YEAR	464,428	464,428	366,223	(98,205)
FUND BALANCES END OF YEAR	<u>\$ 269,018</u>	<u>\$ 284,900</u>	<u>\$ 285,319</u>	<u>\$ 419</u>

The accompanying notes are an integral part of this statement.

JEFFERSON DAVIS PARISH LIBRARY
Notes to Budgetary Comparison Schedule
For the Year Ended December 31, 2011

A. BUDGETARY PRACTICES

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

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

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

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

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

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

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

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN INDIVIDUAL MAJOR FUNDS

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

Fund	Final Budget	Actual	Unfavorable Variance
None	\$ -	\$ -	\$ -

Reason for unfavorable variance:

**OTHER REPORTS REQUIRED BY
GOVERNMENTAL AUDITING STANDARDS**

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS IN ACCORDANCE WITH
GOVERNMENTAL AUDITING STANDARDS**

Board of Control
Jefferson Davis Parish Library
Jennings, Louisiana

I have audited the financial statements of the governmental activities and the major fund information of the Jefferson Davis Parish Library (Library), a component unit of the Jefferson Davis Parish Police Jury, as of and for the year ended December 31, 2011, which collectively comprises the Library’s basic financial statements and have issued my report thereon dated June 18, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Library is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing my audit, I considered the Library’s internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library’s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Library’s internal control over financial reporting.

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.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

* * * * *

This report is intended for the information of the Library's Board of Control, management, others within the organization and the Louisiana Legislative Audit Advisory Council and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Mike B. Gillespie, CPA, APAC

Jennings, Louisiana

June 18, 2012

JEFFERSON DAVIS PARISH LIBRARY
Jennings, Louisiana
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2012

SECTION I - SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Jefferson Davis Parish Library.
2. No control deficiencies were disclosed during the audit of the financial statements and reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of the Jefferson Davis Parish Library, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. Since the Jefferson Davis Parish Library did not require a Single Audit, a report on reportable conditions concerning internal control over major federal award programs was not applicable.
5. Since the Jefferson Davis Parish Library did not require a Single Audit, an auditor's report on compliance for the major federal award programs was not applicable.
6. Since the Jefferson Davis Parish Library did not require a Single Audit, a report of audit findings relative to the major federal award programs was not applicable.
7. A management letter was not issued.
8. The programs tested as major programs included:

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

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

SECTION II – INTERNAL CONTROL AND COMPLIANCE FINDINGS

No finding reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Not applicable

JEFFERSON DAVIS PARISH LIBRARY
Jennings, Louisiana
MANAGEMENT'S STATUS OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended December 31, 2012

SECTION I –INTERNAL CONTROL AND COMPLIANCE FINDINGS

2007-2 Preparation of financial statements

Finding/ Specific Requirement: the Library does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in preparing its financial statements, including related notes.

Recommendation: N/A

Corrective Action Planned: Management believes that the present staff is fully competent to perform their assigned duties and has determined it is most cost effective to request that the auditor assist in drafting the financial statements and notes. Management will continue to review the drafted financial statements and notes prior to approving them and accepting responsibility for their content and presentation. This finding is considered resolved.

SECTION II –FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings reported.

SECTION III –MANAGEMENT LETTER

No findings reported.

* * * * *

THIS REPORT HAS BEEN PREPARED BY MANAGEMENT

JEFFERSON DAVIS PARISH LIBRARY
Jennings, Louisiana
MANAGEMENT'S CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the Year Ended December 31, 2012

SECTION I –INTERNAL CONTROL AND COMPLIANCE FINDINGS

No finding reported.

SECTION II –FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings reported.

SECTION III –MANAGEMENT LETTER

No findings reported.

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THIS REPORT HAS BEEN PREPARED BY MANAGEMENT