

WEST BATON ROUGE

PARISH LIBRARY

(A Component Unit of the West Baton Rouge Parish Council)

Port Allen, Louisiana

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2012

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INDEPENDENT AUDITORS' REPORT

To the Board of Control
West Baton Rouge Parish Library
Port Allen, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the West Baton Rouge Parish Library (a component unit of West Baton Rouge Parish Council), as of and for the year ended December 31, 2012, 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.

Auditors' 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 of 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 auditors' 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 each major fund of the West Baton Rouge Parish Library (a component unit of West Baton Rouge Parish Council), as of December 31, 2012, 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 budgetary comparison information on page 36 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2013, on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Library's internal control over financial reporting and compliance.

*Wright, Moore, DeHart,
Dupuis & Hutchinson, LLC*

WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON, LLC
Certified Public Accountants

Lafayette, Louisiana
June 15, 2013

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

WEST BATON ROUGE PARISH LIBRARY

STATEMENT OF NET POSITION
DECEMBER 31, 2012

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 80,318
Restricted Cash	1,176,084
Taxes Receivable	1,494,762
Investments	1,375,625
Due From Other Governmental Units	31,070
Prepaid Expenses	<u>3,613</u>
Total Current Assets	<u>4,161,472</u>

Non-current Assets:

Capital Assets, Net of Accumulated Depreciation	<u>452,922</u>
Total Non-current Assets	<u>452,922</u>

TOTAL ASSETS \$ 4,614,394

The accompanying notes are an integral part of the basic financial statements.

WEST BATON ROUGE PARISH LIBRARY

STATEMENT OF NET POSITION
DECEMBER 31, 2012

LIABILITIES AND NET POSITION

LIABILITIES

Current Liabilities:

Accounts Payable	\$ 11,986
Accrued Expenses	35,321
Compensated Absences	9,684
Deferred Revenue	<u>1,640,085</u>

Total Current Liabilities 1,697,076

Non-current Liabilities:

Other Post Employment Benefits	<u>256,528</u>
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Total Non-current Liabilities 256,528

TOTAL LIABILITIES 1,953,604

NET POSITION

Invested in Capital Assets, Net of Related

Debt	452,922
Restricted for Memorial Fund	1,176,084
Unrestricted	<u>1,031,784</u>

TOTAL NET POSITION 2,660,790

TOTAL LIABILITIES
AND NET POSITION \$ 4,614,394

The accompanying notes are an integral part of the basic financial statements.

WEST BATON ROUGE PARISH LIBRARY

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2012

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expenses) Revenues Changes in Net Position
Governmental Activities				
Culture and Recreation				
Support Services				
Library	\$1,357,343	\$ -	\$ 11,505	\$ (1,345,838)
Total Governmental Activities	<u>\$1,357,343</u>	<u>\$ -</u>	<u>\$ 11,505</u>	<u>(1,345,838)</u>

General Revenues:

Ad Valorem Taxes	1,449,405
State Revenue Sharing	46,604
Investment Earnings	5,392
Other General Revenues	<u>29,577</u>
Total General Revenues	<u>1,530,978</u>

Change in Net Position 185,140

Net Position-Beginning 2,475,650

Net Position-Ending \$ 2,660,790

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

FUND DESCRIPTIONS

GENERAL FUND

The general fund is the primary operating fund that accounts for all financial resources, except those required to be accounted for in other funds. It is available for any purpose provided it is expended or transferred in accordance with state and federal laws and in accordance with the West Baton Rouge Parish Library policy.

WEST BATON ROUGE PARISH LIBRARY
BALANCE SHEET - GOVERNMENTAL FUND
DECEMBER 31, 2012

ASSETS

Cash and Cash Equivalents	\$	80,318
Restricted Cash		1,176,084
Investments		1,375,625
Prepaid Expenses		3,613
Receivables:		
Taxes Receivable		1,494,762
Due From Other Governmental Units		<u>31,070</u>
 Total Assets	 \$	 <u>4,161,472</u>

LIABILITIES AND FUND BALANCE

Liabilities:		
Accounts Payable	\$	11,986
Accrued Expenses		35,321
Compensated Absences Payable		9,684
Deferred Revenue		<u>1,640,085</u>
Total Liabilities		<u>1,697,076</u>
 Fund Balance		
Nonspendable		3,613
Restricted		1,176,084
Unassigned		<u>1,284,699</u>
Total Fund Balance		<u>2,464,396</u>
 Total Liabilities and Fund Equity	 \$	 <u>4,161,472</u>

The accompanying notes are an integral part of the basic financial statements.

WEST BATON ROUGE PARISH LIBRARY

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2012

Total Governmental Fund Balance	\$ 2,464,396
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	452,922
Other post-employment benefit obligations are not due and payable in the current period and therefore are not reported in the funds.	<u>(256,528)</u>
<i>Net Position of Governmental Activities</i>	<u>\$ 2,660,790</u>

The accompanying notes are an integral part of the basic financial statements.

WEST BATON ROUGE PARISH LIBRARY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND
YEAR ENDED DECEMBER 31, 2012

Revenues:	
Ad Valorem Taxes	\$ 1,449,405
Intergovernmental Revenues:	
State Revenue Sharing (Net)	46,604
State, City and Parish Grants	11,505
Interest Income	5,392
Miscellaneous	29,577
Total Revenues	<u>1,542,483</u>
Expenditures:	
Current -	
General Government:	
Personnel Services and Related Benefits	866,628
Operating Services	175,990
Materials and Supplies	31,456
Other Charges	38,230
Intergovernmental	50,931
Capital Outlay	147,851
Total Expenditures	<u>1,311,086</u>
Excess of Revenues Over Expenditures	<u>231,397</u>
Fund Balances, Beginning	<u>2,232,999</u>
Fund Balances, Ending	<u>\$ 2,464,396</u>

The accompanying notes are an integral part of the basic financial statements.

WEST BATON ROUGE PARISH LIBRARY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

Net Change in Fund Balance - Total Governmental Fund \$ 231,397

*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.
This is the amount by which capital outlay exceeded depreciation
in the current period.

Capital Outlay	147,851	
Depreciation Expense	<u>(139,828)</u>	
Net Adjustment		8,023

Some expenses reported in the Statement of Activities do not
require the use of current financial resources and therefore are
not reported as expenditures in governmental funds.

Change in Other Post Employment Benefits	<u>(54,280)</u>
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<i>Change in Net Position of Governmental Activities</i>	<u>\$ 185,140</u>
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The accompanying notes are an integral part of the basic financial statements.

NOTES TO THE FINANCIAL STATEMENTS

WEST BATON ROUGE PARISH LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2012

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The West Baton Rouge Parish Library (the Library) was created by the West Baton Rouge Parish Council, as provided by Louisiana Revised Statute 25:211. The Library is governed by the West Baton Rouge Parish Council's governing body.

The function and objective of the Library is to provide the citizens of the parish and the adjoining parishes, through reciprocal agreements, access to library books, materials, magazines, records, videos and other services for education, information and recreation.

The responsibility for the Library is vested in the Board of Control by the West Baton Rouge Parish Council. The Board of Control consist of eight members. Pursuant to the Library Law of Louisiana (Act 36 of 1926), no per diem shall be paid to board members for attendance at board meetings.

The Library is located in the city of Port Allen, Louisiana, adjacent to the Parish Court House and Parish Council.

The latest estimated census information estimates the West Baton Rouge Parish population to be 23,157. The Library's 94,370 circulation serves approximately 100,000 people annually with over 11,775 registrations. The Library employs approximately 10 full time and 8 part-time and student workers.

The accompanying basic financial statements of the Library have been prepared in conformity with generally accepted accounting principles (GAAP) generally accepted in the United States of America as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

The accounting and reporting policies of the Library conform to generally accepted accounting principles as applicable to governments.

The following is a summary of certain significant accounting policies:

1. Financial Reporting Entity

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Library is considered a component unit of West Baton Rouge Parish Council. The Library does not possess all of the corporate powers necessary to make it a legally separate entity from the West Baton Rouge Parish Council, which holds the Library's corporate powers. For this reason, the Library is a component unit of the West Baton Rouge Parish Council, the financial reporting entity.

As a component unit, the accompanying financial statements are included within the reporting of the primary government, either blended into those financial statements or separately reported as discrete component units.

WEST BATON ROUGE PARISH LIBRARY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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.

2. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net position and the statement of activities display information about the Library as a whole. These statements include all the financial activities of the Library. The Library has no business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each of the functions of the Library's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of services offered by the Library, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements (FFS)

The accounts of the Library are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the Library are all classified as governmental. The emphasis on fund financial statements is on major governmental funds. A fund is considered major if it is the primary operating fund of the Library or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least ten percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues or expenditures/expenses of the individual governmental or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.

WEST BATON ROUGE PARISH LIBRARY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Governmental Funds:

General Fund

The General Fund, as provided by Louisiana Revised Statute 13:621.18 and 13:996.58, is the Library's primary operating fund and it accounts for all financial resources of the Library, 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 the Library's policy. This fund is considered to be a major fund.

3. Basis of Accounting/Measurement Focus

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus –

In the government-wide statement of net position and the statement of activities, governmental activities are presented using the economic resources measurement. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported.

In the fund financial statements, the current financial resources measurement focus is used. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting –

In the government-wide statement of net position and statement of activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange takes place. 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."

WEST BATON ROUGE PARISH LIBRARY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within 60 days of the end of the fiscal year. Court costs and fees, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Substantially all other revenues are recorded when received.

Expenditures (including capital outlay) 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.

4. Budget and Budgetary Accounting

The Library follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The budgetary calendar – The Library's management prepares the budget in the third quarter of each year and submits it to the Board of Control for adoption. Once adopted by the Board of Control, the budget is sent to the West Baton Rouge Parish Council who then conducts a public hearing on the budget which must be adopted by December 15. At year end, a public notice affording the public the opportunity to participate in the budget process is published in the December issue of the West Side Journal, the official journal of the parish.
- b. All budgetary appropriations (unexpended budget balances) lapse at the end of each fiscal year.
- c. There are no outstanding encumbrances.
- d. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts included in the accompanying financial statements are as originally adopted or as finally amended by the Library. Such amendments were not material in relation to the original appropriations.
- e. The Board of Control will, from time to time, make changes or amendments within the various budget classifications.

WEST BATON ROUGE PARISH LIBRARY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

5. Cash and Interest-Bearing Deposits

Cash and interest-bearing deposits are stated at cost, which approximates market. Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Library's investment policy allow the entity to invest in collateralized certificates of deposits, government-backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities.

6. Investments

Under State law, the Library may invest in United States bonds, treasury notes or certificates, time certificates of deposit of State banks having their principal office in the State of Louisiana, or any other federally insured investment. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", investments meeting the criteria specified in the Statements are stated at fair value. Investments that do not meet the requirements are stated at cost. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool (LAMP), a non-profit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

7. Receivables and Payables

Receivables consist of all revenues earned at year end and not yet received. Payables consist of all expenses/expenditures incurred at year end and not yet paid.

8. Capital Assets

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated cost if historical cost is not available. Contributed assets are recorded as capital assets at their estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Building Improvements	5-10 years
Furniture and Fixtures	5-10 years
Vehicles	5-10 years
Library Collection	5 years

WEST BATON ROUGE PARISH LIBRARY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

9. Compensated Absences

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if *both* of the following conditions are met:

- a. The employees' rights to receive compensation are attributable to services already rendered.
- b. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

The current portion of the liability for compensated absences is reported in the fund financial statements. The current portion is the amount left unpaid at the end of the reporting period that normally would be liquidated with expendable available financial resources. The remainder of the liability is adjusted into the entity-wide column on Statements of Net Position and Activities.

10. Equity Classifications

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Invested in capital assets, net of related debt – 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.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

In the fund statements, governmental fund equity is classified as fund balance. The Library elected to implement GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in fiscal year 2011. In the fund financial statements, the governmental fund reports the following classifications of fund balance:

- a. Non-spendable – includes amounts that cannot be spent because they are either not spendable in form or legally or contractually required to be maintained intact. All amounts reported as non-spendable at December 31, 2012, by the Library are non-spendable in form. The Library has not reported any amounts that are legally or contractually required to be maintained intact.

WEST BATON ROUGE PARISH LIBRARY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

10. Equity Classifications - continued

- b. Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provisions or enabling legislation.
- c. Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to directives of the Library who has the highest level of decision making authority. Commitments may be modified or rescinded only through actions of the Library.
- d. Assigned – includes amounts that the Library intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. The Library may assign amounts to this classification.
- e. Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The Library reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Library considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Library considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Library has provided otherwise in its commitment or assignment actions.

11. Prepaid Items

Insurance payments made to insurance agencies that will benefit periods beyond December 31, 2012 are recorded as prepaid items.

12. Deferred Revenues

Deferred revenues arise when resources are received by the Library before it has a legal claim to them, as when grant monies are received before the incurrence of qualifying expenditures. In subsequent periods, when the library has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized.

13. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles of the United States of America requires 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 amount of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

WEST BATON ROUGE PARISH LIBRARY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

14. Impact of Recently Issued Accounting Principles

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASBS No. 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. This Statement is effective for periods beginning after December 15, 2011, and has been implemented in fiscal year 2012. The adoption of GASBS No. 62 does not have any impact on the Library's financial statements.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASBS No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes the following elements: assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. This Statement is effective for periods beginning after December 15, 2011, and has been implemented in fiscal year 2012. The adoption of GASBS No. 63 does not have any impact on the Library's financial statements.

(B) LEVIED TAXES

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

	Authorized Millage	Levied Millage	Expiration Date
Parishwide taxes:			
Library	4.10	4.10	2015

The gross assessed value for the tax year 2012, on the certified roll was \$429,102,270. After applying homestead exemptions and other reductions of \$40,448,503, the net assessed value upon which the Library's property tax was computed was \$388,653,767.

Property taxes are considered delinquent if not paid by December 31. Most of the property taxes are collected during the months of December, January and February. The West Baton Rouge Sheriff acts as the collecting agent for the Parish's property taxes. The Sheriff will have a "tax sale" each year to collect as much of the taxes due as possible. The tax sale date for West Baton Rouge Parish for the 2012 tax assessment will be in May 2013, and the lien date was December 31, 2012.

Property taxes are recorded as receivable and deferred revenues at the time the tax levy is billed (November of each year). As the Sheriff collects the taxes, he forwards them to the Library where they are recorded as revenues in accordance with the modified accrual basis of accounting.

WEST BATON ROUGE PARISH LIBRARY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

(B) LEVIED TAXES - continued

The following are the principal taxpayers and related ad valorem tax revenue for the Library:

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>	<u>Ad Valorem Tax Revenue for Library</u>
The Dow Chemical Co	Chemical	59,536,590	13.90%	\$ 244,100
ExxonMobil Production Co.	Oil Storage	36,129,920	8.40%	148,133
Cargill, Inc.	Agriculture	23,984,780	5.60%	98,338
Total		<u>119,651,290</u>	<u>27.90%</u>	<u>\$ 490,570</u>

(C) CASH AND INTEREST-BEARING DEPOSITS

Under state law, the Library may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Library may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2012, the Library had cash and interest-bearing deposits (book balances) totaling \$80,318 as follows:

Demand Deposits	\$ 68,685
Money Market	11,433
Petty Cash	<u>200</u>
Total	<u>\$ 80,318</u>

Custodial Credit Risk Relating to Deposits

Custodial credit risk is the risk that, in the event of bank failure, the Library deposits might not be recovered. The Library does not have a policy for custodial credit risk, however, 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 bank. 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.

As of December 31, 2012, \$81,301 of the Library's bank balances of \$81,301 was secured through the Federal Deposit Insurance Corporation or other government-backed securities.

WEST BATON ROUGE PARISH LIBRARY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

(D) INVESTMENTS

The Library can invest in direct debt securities of the United States unless such an investment is expressly prohibited by law. The Library's investments are categorized to give an indication of the level of risk assumed by it at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the Library or its agent in the Library's name. Category 2 includes uninsured and unregistered investments with securities held by the counterparty's trust department or agent in the Library's name. Category 3 includes uninsured and unregistered investments with securities held by the counterparty, or by its trust department or agent, but not in the Library's name.

At December 31, 2012, the Library's investment balances were as follows:

	Category	Carrying Amount		Total Carrying Amount
		Fair Value	Cost	
Investments not subject to categorization:				
External Investment Pool (LAMP)	N/A	\$2,551,709	\$2,551,709	\$2,551,709
Total investments		<u>\$2,551,709</u>	<u>\$2,551,709</u>	<u>\$2,551,709</u>

LAMP is administered by LAMP, Inc. a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33:2955.

GASB Statement No. 40 Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, concentration of credit risk interest risk, and foreign currency risk for all public entity investments.

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7 like investment pools:

- Credit risk: LAMP is rated AAAM by Standard & Poor's
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.

WEST BATON ROUGE PARISH LIBRARY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

(D) INVESTMENTS - continued

- Interest rate risk: 2a7- like investment pools are excluded from this disclosure requirement, per paragraph 15 of the GASB 40 statement.
- Foreign currency risk: Not applicable to 2a7-like pools.

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

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and board of directors. LAMP is not registered with the SEC as an investment company. Income earned during the year was \$4,394.

(E) RECEIVABLES

Receivables are written-off under the direct write-off method whereby bad debts are recorded when a receivable is deemed uncollectible. If they are subsequently collected they are recorded as miscellaneous income. The direct charge off method is not a material departure from GAAP as it approximates the valuation method. At December 31, 2012, the receivables from ad valorem taxes and state revenue sharing totaled \$1,525,832.

(F) CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012 was as follows:

	Balance January 1, 2012	Additions	Deletions	Balance December 31, 2012
Governmental Activities:				
Land	\$ 175,000	\$ -	\$ -	\$ 175,000
Building Improvements	-	48,582	-	48,582
Vehicles	114,670	-	-	114,670
Furniture and Equipment	565,080	1,029	-	566,109
Library Collection	2,334,703	98,240	-	2,432,943
Less Accumulated Depreciation	<u>(2,744,554)</u>	<u>(139,828)</u>	<u>-</u>	<u>(2,884,382)</u>
Net Capital Assets	<u>\$ 444,899</u>	<u>\$ (8,023)</u>	<u>\$ -</u>	<u>\$ 452,922</u>

WEST BATON ROUGE PARISH LIBRARY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

(G) ACCOUNTS AND OTHER PAYABLES

The payables of \$11,986 at December 31, 2012 are as follows:

Accounts Payable	\$ 11,986
Total	<u>\$ 11,986</u>

(H) DEFERRED COMPENSATION PLAN

Certain employees of the West Baton Rouge Parish Library participate in the Louisiana Public Deferred Compensation Plan adopted under the provisions of the Internal Revenue Code Section 457. Complete disclosure relating to the Plan are included in the separately issued audit report for the Plan, available from the Louisiana Legislative Auditor, Post Office Box 94397; Baton Rouge, LA 70804-9397.

(I) DEFERRED REVENUE

Deferred taxes at December 31, 2012 comprises of:

Deferred Ad Valorem Taxes	\$ 1,593,480
Deferred State Revenue Sharing	46,604
Total	<u>\$ 1,640,084</u>

(J) COMPENSATED ABSENCES

The following is a summary of the transactions for the year ended December 31, 2012:

Compensated Absences, January 1, 2012	\$ 9,684
Additions	-
Deductions	-
Compensated Absences, December 31, 2012	<u>\$ 9,684</u>

The following is a summary of the current (due in one year or less) and long-term portions of the obligation at December 31, 2012:

Current Portion	\$ 9,684
Long-term Portion	-
Total	<u>\$ 9,684</u>

WEST BATON ROUGE PARISH LIBRARY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

(K) NET POSITION/FUND EQUITY

A portion of Fund Balance on the Balance Sheet has been classified as non-spendable. This represents the prepaid expenses.

A portion of Net Position on the Statement of Net Position and Fund Balance on the Balance Sheet has been classified as restricted. This represents the Judge Paul B. Landry bequest to the Library for capital projects.

The 1977 House Bill No. 199- enacted R.S. 25:221.1, relative to the West Baton Rouge Parish Library, prohibits the West Baton Rouge Parish Library Board of Control from spending the principal of the Judge Paul B. Landry, Jr. Memorial Fund but authorizes the board to spend the investment earnings of the fund to provide for related matters.

(L) 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 at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3% 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, 1980, the benefit is equal to 1% 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 issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (504) 928-1361.

WEST BATON ROUGE PARISH LIBRARY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

(L) PENSION PLAN - continued

Funding Policy

Under Plan A, members are required by state statute to contribute 9.5% of their annual covered salary and the library is required to contribute at an actuarially determined rate. The current rate is 15.75% of annual covered payroll. Contributions to the System also include one-fourth of 1% (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 contribution requirements of plan members and the library are established and may be amended by state statute. As provided by R.S. 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, 2012, December 31, 2011, and December 31, 2010, were \$95,029, \$88,786, and \$79,917, respectively, equal to the required contributions for each year.

(M) OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

The Library's medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement. Employees are covered by the Parochial Employees' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age; age 55 and 25 years of service; age 60 and 10 years of service; or age 65 and 7 years of service. For employees hired on and after January 1, 2007, retirement eligibility (D.R.O.P. entry) provisions are as follows: age 55 and 30 years of service; age 62 and 10 years of service; or age 67 and 7 years of service. Complete plan provisions are included in the official plan documents.

Life insurance coverage is continued to retirees and the blended rate for active employees and retirees is \$0.29 per \$1,000 of insurance plus an unblended rate of \$0.01 per \$1,000 for AD&D. The employer pays for life insurance after retirement but based on the blended rate. The life volume after retirement is reduced to 65%, 45%, 30%, 20%, and 15% at age 65, 70, 80, and 85, respectively. Since GASB 45 requires the use of "unblended" rates, we have used the 94GAR mortality table described above to "unblend" the basic life rates so as to reproduce the composite blend rate overall as the rate structure to calculated the actuarial valuation result for life insurance.

All of the assumptions used for the valuation of the medical benefits have been used except for the trend assumption; zero trend was used for life insurance.

WEST BATON ROUGE PARISH LIBRARY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

(M) OTHER POSTEMPLOYMENT BENEFITS (OPEB) - continued

Method of Determining Value of Benefits

The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The medical rates provided are "blended" rates for active and retired before Medicare eligibility, so we have estimated the "unblended" rates for retirees before Medicare eligibility as 130% of the blended rate, as required by GASB 45 for valuation purposes. The rates after Medicare eligibility were assumed to be the Medicare Advantage rates provided in the census data and they meet the "unblended" requirement.

Contribution Rates

Employees do not contribute to their post employee benefit cost until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

Funding Policy

Until 2009, the Library recognized the cost of providing post-employment medical and life benefits (Library's portion of the retiree medical and life benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2012, Library's portion of health care funding cost for retired employees totaled \$10,926 and life insurance totaled \$94.

Effective with the fiscal year beginning January 1, 2009, the Library implemented Governmental Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. (GASB 45)

Annual OPEB Cost and OPEB Benefit Obligation

The Library's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The Annual Required Contribution (ARC) is the sum of Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The total ARC for the fiscal year beginning January 1, 2012, was \$811,694.

WEST BATON ROUGE PARISH LIBRARY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

(M) OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

The table below shows Library's Net Other Post-Employment Benefit (OPEB) Obligation (Asset) for the year ending December 31, 2012:

Discount Rate	<u>4%</u>		
	<u>Medical</u>	<u>Life</u>	<u>Total</u>
Determination of Annual Required Contribution:			
Normal Cost at Fiscal Year End	\$ 28,091	\$ 774	\$ 28,865
Amortization of UAAL	35,461	974	36,435
Annual Required Contribution (ARC)	<u>\$ 63,552</u>	<u>\$ 1,748</u>	<u>\$ 65,300</u>
Annual Required Contribution	<u>63,552</u>	<u>1,748</u>	<u>65,300</u>
OPEB Cost (Expense)	63,552	1,748	65,300
Current Year Retiree Premium	<u>10,926</u>	<u>94</u>	<u>11,020</u>
Change in Net OPEB Obligation	52,626	1,654	54,280
Net OPEB Obligation - Beginning of Year	<u>199,506</u>	<u>2,742</u>	<u>202,248</u>
Net OPEB Obligation - End of Year	<u>\$ 252,132</u>	<u>\$ 4,396</u>	<u>\$ 256,528</u>

Funded Status and Funding Progress

As of January 1, 2012, the most current actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$613,195 with no valued assets, resulting in an unfunded accrued liability of the same amount. The actuarial valuation of the plan is ongoing and is based on assumptions and probability of events far into the future. Examples could be future events such as employment, mortality and cost of all employee benefits (health insurance, etc.). The determination of the funding status of the plan is on-going and the annual required contributions by the employer are subject to continual revision and the results of the actual figures are compared with past expectations to meet future estimates.

Actuarial Valuation Date:	<u>January 1, 2012</u>
Actuarial Value of Assets (a):	-0-
Actuarial Accrued Liability (b):	\$ 613,195
Unfunded (AAL)-(UAAL) (b-a):	\$ 613,195
Funded Ratio (a/b):	0.0%
Annual Covered Payroll (c):	\$ 558,123
UAAL as a Percent of Covered Payroll (b/c):	109.86%

WEST BATON ROUGE PARISH LIBRARY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

(M) OTHER POSTEMPLOYMENT BENEFITS (OPEB) - continued

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2010	37,258	0%	67,416
12/31/2011	37,258	0%	67,416
12/31/2012	28,865	0%	54,280

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events for into the future. The actuarial valuation for post-employment benefits include estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption) and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about future expectations.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the Library and its employee plan members) at the time of the valuation and on the patterns of sharing cost between the Library and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the patterns of cost sharing between the Library and plan members in the future.

Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and actuarial value of assets.

Actuarial Cost Method

The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality and turnover.

Actuarial Value of Plan Assets

Since the OPEB obligation has not as yet been funded, there are not any assets. It is anticipated that in future valuations, should the OPEB obligations be funded, a smoothed market value consistent with Actuarial Standards Board Actuarial Standards of Practice Number 6 (ASOP 6), as provided in paragraph number 125 of GASB Statement 45, would be used.

WEST BATON ROUGE PARISH LIBRARY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

(M) OTHER POSTEMPLOYMENT BENEFITS (OPEB) - continued

Mortality Rate

The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates, was used. This is a recently published mortality table which has been used in determining the value of accrued benefits in defined benefit pension plans. Since GASB 45 requires the use of “unblended” rates, we have used 94GAR mortality table described above to “unblend” the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance.

Turnover Rate

An age-related turnover scale based on actual experience as described by the administrative staff has been used. The rates, when applied to the active employee census, produce an annual turnover of approximately 10%. The rates for each age are as follows: age 18-25 20% turnover; age 26-40 14% turnover; age 41-54 9% turnover; and age 55+ 7% turnover.

Post-Employment Benefit Plan Eligibility Requirements

Based on past experience, it has been assumed that entitlement to benefits will commence three years after eligibility to enter the D.R.O.P., as described under “Plan Terms”. The three years represents three years in the D.R.O.P.

Investment Return Assumption (Discount Rate)

GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits. Since the ARC is not currently being funded and not expected to be funded in the near future, we have performed this valuation using a 4% annual investment return assumption.

Health Care Cost Trend Rate

The expected rate of increase in medical cost is based on projections performed by the Office of Actuary at the Centers for Medicare & Medicaid Services as published in National Health Care Expenditures Projection: 2003-2013, Table 3: National Health Expenditures, Aggregate and per Capita Amounts, Percent Distribution and Average Annual Percentage Change by Source of Funds: Selected Calendar Years 1990-2013, released in January 2004 by Health Care Financing Administration (www.cms.hhs.gov). “State and Local” rates for 2008 through 2013 from this report were used, with rates beyond 2013 graduated down to an ultimate annual rate of 5% for 2016 and later. Zero trend has been assumed for valuing life insurance.

WEST BATON ROUGE PARISH LIBRARY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

(N) ON-BEHALF PAYMENTS

Because the Library is one of several governmental agencies receiving proceeds from a property tax assessment, state law (R.S. 11:82) requires the Library to bear a pro-rata share of the pension expense relating to state and statewide public retirement systems. The Library's pro-rata share of the required contribution was \$50,931 that was withheld by the West Baton Rouge Parish Sheriff from property tax collections to satisfy the Library's obligation. The Sheriff withholds the entire amount of this obligation in January each year even though some of the property taxes may never be collected.

The \$50,931 withheld by the Sheriff has been included as part of "intergovernmental" expenditures of the General Fund in these financial statements. Further described in Note B, the Library has increased its property tax revenue by the same amount of this intergovernmental expenditure.

(O) LITIGATION AND CLAIMS

As of December 31, 2012, there was no litigation pending against the Library, nor was the Library aware of any unasserted claims. The Library's management believes that any potential lawsuits would be covered by insurance or resolved without any material impact upon the Library's financial statements. No claims were paid out or litigation costs incurred during the year ended December 31, 2012.

(P) RISK MANAGEMENT

The Library is exposed to various risk of loss related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Library has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. There have been no significant reductions in coverage for the prior year. No settlements were made during the year that exceeded the Library's coverage.

(Q) COMPENSATION PAID TO THE BOARD

There was no compensation paid to the Board of Control during the fiscal year ended December 31, 2012.

(R) SUBSEQUENT EVENTS

The Library did not have any subsequent events through June 15, 2013, which is the date the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the year ended December 31, 2012.

REQUIRED SUPPLEMENTARY INFORMATION

WEST BATON ROUGE PARISH LIBRARY

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL (GAAP BASIS)
YEAR ENDED DECEMBER 31, 2012**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Ad Valorem Taxes	\$ 1,365,300	\$ 1,365,300	\$ 1,449,405	\$ 84,105
State Revenue Sharing	44,000	44,000	46,604	2,604
State Grants	13,600	13,600	11,505	(2,095)
Investment Earnings	3,120	3,120	5,392	2,272
Other Revenues	<u>17,100</u>	<u>57,182</u>	<u>29,577</u>	<u>(27,605)</u>
 Total Revenues	 <u>1,443,120</u>	 <u>1,483,202</u>	 <u>1,542,483</u>	 <u>59,281</u>
Expenditures:				
Current -				
General Government:				
Personnel Services and Related Benefits	970,922	970,922	866,628	104,294
Operating Services	225,032	225,032	175,990	49,042
Intergovernmental	48,000	48,000	50,931	(2,931)
Materials and Supplies	34,500	34,500	31,456	3,044
Other Charges	7,000	7,000	38,230	(31,230)
Capital Outlay	<u>157,666</u>	<u>197,748</u>	<u>147,851</u>	<u>49,897</u>
 Total Expenditures	 <u>1,443,120</u>	 <u>1,483,202</u>	 <u>1,311,086</u>	 <u>172,116</u>
 Excess of Revenues Over Expenditures	 <u>-</u>	 <u>-</u>	 <u>231,397</u>	 <u>231,397</u>
 Fund Balance, Beginning	 <u>2,232,999</u>	 <u>2,232,999</u>	 <u>2,232,999</u>	 <u>-</u>
 Fund Balance, Ending	 <u>\$ 2,232,999</u>	 <u>\$ 2,232,999</u>	 <u>\$ 2,464,396</u>	 <u>\$ 231,397</u>

OTHER SUPPLEMENTARY INFORMATION

WRIGHT, MOORE, DEHART, DUPUIS & HUTCHINSON, L.L.C.

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INDEPENDENT AUDITORS' 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

JOHN W. WRIGHT, CPA *
JAMES H. DUPUIS, CPA, CFP *
JAN H. COWEN, CPA *
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** A LIMITED LIABILITY COMPANY

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To the Board of Control
West Baton Rouge Parish Library
Port Allen, 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 major fund of the West Baton Rouge Parish Library as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise of the West Baton Rouge Parish Library's basic financial statements, and have issued our report thereon dated June 15, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

*Wright, Moore, DeHart,
Dupuis & Hutchinson, LLC*

WRIGHT, MOORE, DeHART,
DUPUIS & HUTCHINSON, LLC
(Certified Public Accountants)

Lafayette, Louisiana
June 15, 2013

WEST BATON ROUGE PARISH LIBRARY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012

We have audited the financial statements of the West Baton Rouge Parish Library as of and for the year ended December 31, 2012, and have issued our report thereon dated June 15, 2013. 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 Comptroller General of the United States and the provisions of Louisiana Revised Statutes 24:513 and the Louisiana Governmental Audit Guide. Our audit of the financial statements of December 31, 2012 resulted in an unqualified opinion.

Section I - Summary of Auditors' Reports

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

Internal Control

Material Weaknesses	___	Yes	___	✓	No
Significant Deficiencies	___	Yes	___	✓	No

Compliance

Compliance Material to Financial Statements	___	Yes	___	✓	No
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Section II - Financial Statement Findings

The audit did not disclose any findings required to be reported.

Section III - Federal Award Findings and Questioned Costs

This section is not applicable for the current year.

WEST BATON ROUGE PARISH LIBRARY
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2012

There were no prior year findings.

WEST BATON ROUGE PARISH LIBRARY
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2012

No current year findings were noted, therefore, no response is deemed necessary.