

ST. MARY PARISH LIBRARY

Financial Statements

Year Ended December 31, 2018

TABLE OF CONTENTS

| | Page |
|---|------------|
| INDEPENDENT AUDITOR'S REPORT | 1-2 |
| FINANCIAL SECTION | |
| Basic Financial Statements: | |
| Government-wide financial statements: | |
| Statement of net position | 4 |
| Statement of activities | 5 |
| Fund Financial Statements: | |
| Governmental funds | |
| Balance sheet | 7-8 |
| Statement of revenues, expenditures, and changes in fund balance | 9-10 |
| Notes to financial statements | 11-26 |
| REQUIRED SUPPLEMENTARY INFORMATION | |
| Budgetary comparison schedule - General Fund | 28 |
| Schedule of employer's share of net pension liability/asset | 29 |
| Schedule of employer contributions | 30 |
| Note to required supplementary information | 31-32 |
| INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS | |
| 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 <i>Government Auditing Standards</i> | 34-35 |
| Summary schedule of prior audit findings | 36 |
| Schedule of audit results and findings | 37 |
| Corrective action plan for current audit findings | 38 |
| Management's written response to current audit findings | Appendix A |

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Victor R. Slaven, CPA*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Brad E. Kolder, CPA, JD*
Stephen J. Anderson, CPA*
Christine C. Doucet, CPA
Wanda F. Arcement, CPA, CVA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA
Casey L. Ardoin, CPA, CFE

P. O. Box 3438
Morgan City, LA 70381

Phone (985) 384-2020
Fax (985) 384-3020

183 S. Beadle Rd. 11929 Bricksome Ave.
Lafayette, LA 70508 Baton Rouge, LA 70816
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.
Alexandria, LA 71301 New Iberia, LA 70560
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1201 David Dr.
Abbeville, LA 70510 Morgan City, LA 70380
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.
Ville Platte, LA 70586 Oberlin, LA 70655
Phone (337) 363-2792 Phone (337) 639-4737

INDEPENDENT AUDITOR'S REPORT

To the Board of Control
St. Mary Parish Library
Franklin, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the St. Mary Parish Library ("Library"), a component unit of the Parish of St. Mary, as of and for the year ended December 31, 2018, and related notes to the financial statements which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Library'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 Library's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison information, schedule of employer's share of net pension liability/asset, and schedule of employer contributions 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 budgetary comparison information on page 28, schedule of employer's share of net pension liability/asset on page 29, schedule of employer contributions on page 30, or notes to required supplementary information on pages 31 and 32 because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted 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 May 9, 2019, on our consideration of the Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Library's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
May 9, 2019

GOVERNMENT-WIDE FINANCIAL STATEMENTS

ST. MARY PARISH LIBRARY

Statement of Net Position
December 31, 2018

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| ASSETS | |
| Current assets: | |
| Cash | \$ 4,086,763 |
| Receivables: | |
| Ad valorem taxes, net of allowance | 2,581,452 |
| Due from other governmental units | 58,606 |
| Prepaid expenses | <u>29,922</u> |
| Total current assets | <u>6,756,743</u> |
| Capital assets: | |
| Land | 320,891 |
| Construction in Progress | 13,500 |
| Other, net of accumulated depreciation | <u>5,602,689</u> |
| Total capital assets, net | <u>5,937,080</u> |
| Other assets | |
| Net pension asset | <u>126,895</u> |
| Total assets | <u>12,820,718</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred outflows related to net pension asset | <u>281,969</u> |
| LIABILITIES | |
| Current liabilities: | |
| Accounts payable and accrued expenses | <u>119,673</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred inflows related to net pension asset | <u>381,017</u> |
| NET POSITION | |
| Net investment in capital assets | 5,937,080 |
| Unrestricted | <u>6,664,917</u> |
| Total net position | <u>\$ 12,601,997</u> |

The accompanying notes are an integral part of this statement.

ST. MARY PARISH LIBRARY

Statement of Activities
Year Ended December 31, 2018

| Activities | Expenses | Program Revenues | | Net (Expense) Revenue And Changes in Net Position |
|--------------------------|--------------------------------|----------------------------|--|---|
| | | Charges for Services | Operating Grants and Contributions | Governmental Activities |
| Governmental activities: | | | | |
| Culture and recreation | <u>\$ 2,659,065</u> | <u>\$ 13,089</u> | <u>\$ 12,710</u> | \$ (2,633,266) |
| | | | | |
| | General revenues: | | | |
| | Ad valorem taxes | | | 2,634,805 |
| | State revenue sharing | | | 18,581 |
| | Interest and investment income | | | 2,551 |
| | Miscellaneous | | | <u>36,997</u> |
| | Total general revenues | | | <u>2,692,934</u> |
| | | | | |
| | Change in net position | | | 59,668 |
| | | | | |
| | Net position, beginning | | | <u>12,542,329</u> |
| | | | | |
| | Net position, ending | | | <u>\$ 12,601,997</u> |

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

ST. MARY PARISH LIBRARY

Balance Sheet
 Governmental Funds
 December 31, 2018

| ASSETS | <u>General</u> |
|--|---------------------|
| Cash | \$ 4,086,763 |
| Receivables: | |
| Ad valorem taxes, net of allowance | 2,581,452 |
| Due from other governmental units | 58,606 |
| Prepaid expenses | 29,922 |
| Total assets | <u>\$ 6,756,743</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE | |
| Liabilities: | |
| Accounts payable and accrued expenses | <u>\$ 119,673</u> |
| Deferred inflows of resources: | |
| Unavailable revenues | <u>228,137</u> |
| Fund balance: | |
| Nonspendable | 29,922 |
| Unassigned | 6,379,011 |
| Total fund balance | <u>6,408,933</u> |
| Total liabilities, deferred inflows of resources, and fund balance | <u>\$ 6,756,743</u> |

(continued)

ST. MARY PARISH LIBRARY

Balance Sheet (continued)
Governmental Funds
December 31, 2018

Reconciliation of the governmental funds' balance sheet to the statement of net position:

| | |
|--|----------------------|
| Total fund balances for governmental funds at December 31, 2018 | \$ 6,408,933 |
| Total net position reported for governmental activities in the statement of net position is different because: | |
| Cost of capital assets, net of accumulated depreciation | 5,937,080 |
| Net pension asset | 126,895 |
| Deferred outflows of resources related to net pension asset | 281,969 |
| Deferred revenues not considered current financial resources | 228,137 |
| Deferred inflows of resources related to net pension asset | <u>(381,017)</u> |
| Net position at December 31, 2018 | <u>\$ 12,601,997</u> |

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

ST. MARY PARISH LIBRARY

Statement of Revenues, Expenditures, and Changes in Fund Balance
 Governmental Funds
 Year Ended December 31, 2018

| | <u>General</u> |
|----------------------------------|---------------------|
| Revenues | |
| Ad valorem taxes | \$ 2,743,371 |
| Intergovernmental: | |
| State revenue sharing | 19,535 |
| Miscellaneous: | |
| Interest and investment earnings | 2,551 |
| Other sources | 50,086 |
| Total revenues | <u>2,815,543</u> |
| Expenditures | |
| Culture and recreation - | |
| Current: | |
| Ad valorem tax deductions | 86,486 |
| Insurance | 86,543 |
| Library materials - non capital | 77,140 |
| Materials and supplies | 121,963 |
| Miscellaneous | 7,886 |
| Professional services | 39,340 |
| Repairs and maintenance | 118,531 |
| Salaries and benefits | 1,511,932 |
| Telephone and utilities | 160,246 |
| Travel and other charges | 14,345 |
| Capital outlay: | |
| Books | 190,062 |
| Buildings and improvements | 17,893 |
| Furniture and equipment | 71,696 |
| Land | 39,280 |
| Total expenditures | <u>2,543,343</u> |
| Net change in fund balance | 272,200 |
| Fund balance, beginning | <u>6,215,163</u> |
| Fund balance, ending | <u>\$ 6,487,363</u> |

(continued)

ST. MARY PARISH LIBRARY

Statement of Revenues, Expenditures, and Changes in Fund Balance (continued)
 Governmental Funds
 Year Ended December 31, 2018

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

| | |
|---|-------------------------------|
| Total net changes in fund balance for the year ended December 31, 2018 per Statement of Revenues, Expenditures and Changes in Fund Balances | \$ 272,200 |
| Capital outlay | 318,931 |
| Depreciation expense | (402,014) |
| Changes in unavailable revenues as increases or decreases in current ad valorem taxes and state revenue sharing revenues | (109,520) |
| Effects of recording net pension liability and deferred inflows and outflows of resources related to net pension asset: | |
| Increase in pension expense | (32,639) |
| Nonemployer pension contribution revenue | <u>12,710</u> <u>(19,929)</u> |
| Change in net position of governmental activities | <u>\$ 59,668</u> |

The accompanying notes are an integral part of this statement.

ST. MARY PARISH LIBRARY

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

The St. Mary Parish Library (“Library”), which is a component unit of the Parish of St. Mary, was created under Louisiana Revised Statute 25:211. The Library operates under a Board of Control. The purpose of the Library is to provide library facilities to residents within its boundaries.

The accounting and reporting policies of the Library conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the industry audit guide, *Audits of State and Local Governmental Units*.

The financial statements of the Library have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

This report includes all funds which are controlled by or dependent on the Library’s executive and legislative branches (the Board of Control). Control by or dependence on the Library was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibilities.

The Library is a component unit of the Parish of St. Mary.

B. Government-Wide and Fund Financial Statements

Government-wide financial statements –

The government-wide financial statements include the statement of net position and the statement of activities of the Library. These statements include the financial activities of the overall government. Governmental activities are generally financed through taxes, intergovernmental revenues, and other nonexchange transactions.

In the government-wide statement of net position, the governmental activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Library’s net position is reported in two parts – net investment in capital assets and unrestricted.

The government-wide statement of activities reports both the gross and net cost of each of the Library’s functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

ST. MARY PARISH LIBRARY

Notes to Financial Statements (continued)

The net cost (by function) is normally covered by general revenues (property taxes, intergovernmental revenues, interest income, etc.).

The government-wide focus is more on the sustainability of the Library as an entity and the change in the Library's net position resulting from the current year's activities.

Fund financial statements –

The fund financial statements provide information about the Library's funds. The emphasis of fund financial statements is on major governmental funds.

The Library has the following fund type:

Governmental Funds –

The focus of the governmental fund's measurement (in the fund statement) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the Library:

General Fund –

The General Fund is the general operating fund of the Library. It is used to account for all financial resources except those required to be accounted for in another fund.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Library gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlement, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Library considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Ad valorem taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Ad valorem taxes are recognized as revenues in the year in which such taxes are levied and billed to the taxpayers. Other major revenues that are considered susceptible to accrual include earned grant revenues and other intergovernmental revenues, and interest on investments. All other revenues are recognized when received. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

ST. MARY PARISH LIBRARY

Notes to Financial Statements (continued)

D. Capital Assets

All capital assets purchased or acquired with an original cost of \$1,500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. 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:

| | |
|----------------------------|-------------|
| Books | 7 years |
| Buildings and improvements | 20-40 years |
| Furniture and equipment | 5-7 years |

E. Deferred outflows of resources and deferred inflows of resources

In addition to assets, the statement of net position and or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

F. Pensions

For purposes of measuring the net pension liability/asset, deferred outflows or resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Parochial Employees Retirement System (the Plan), and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

G. Equity Classifications

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

1. Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted - consists of net assets with constraints placed on their 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.

ST. MARY PARISH LIBRARY

Notes to Financial Statements (continued)

3. Unrestricted - all other net assets that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund balance for the Library’s governmental fund (General Fund) are displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

1. Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
2. Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
3. Committed - amounts that can be used only for specific purposes determined by a formal action of the government’s highest level of decision-making authority. The Board of Control is the highest level of decision-making authority for the Library. Commitments may be established, modified, or rescinded only through formal actions approved by the Board.
4. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Library’s adopted policy, only the Board of Control may assign amounts for specific purposes.
5. Unassigned – all other spendable amounts.

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 Board of Control have provided otherwise in its commitment or assignment actions.

H. Interest Bearing Deposits

Interest-bearing deposits are stated at cost, which approximates market.

I. Compensated Absences

Employees earn annual vacation and sick leave at varying rates depending upon length of service. Vacation time must be used within the fiscal year and cannot be carried over to subsequent periods. Upon termination, an employee is compensated for the accumulated time, provided they were employed for one year. Sick leave is earned at one day per month, or 12 sick days per year. Sick leave may be accumulated up to 36 days. Employees are not compensated for accrued sick leave upon termination. No liability has been accrued for compensated absences on the Library’s financial statements due to immateriality.

ST. MARY PARISH LIBRARY

Notes to Financial Statements (continued)

J. Use of Estimates

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

(2) 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, 2018, the Library has cash (book balances) totaling \$4,086,763, as follows:

| | |
|-----------------|---------------------|
| Demand deposits | <u>\$ 4,086,763</u> |
|-----------------|---------------------|

These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent 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.

Deposit balances (bank balances) at December 31, 2018, are secured as follows:

| | |
|--|---------------------|
| Bank balances | <u>\$ 4,160,384</u> |
| Federal deposit insurance | \$ 250,000 |
| Uninsured and collateralized by pledged securities | <u>3,910,384</u> |
| Total federal insurance and pledged securities | <u>\$ 4,160,384</u> |

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Library's deposits may not be recovered, or the Library will not be able to recover collateral securities that are in the possession of an outside party. The Library does not have a policy to monitor or attempt to reduce exposure to custodial credit risk. As of December 31, 2018, deposits in the amount of \$3,910,384 were exposed to custodial credit risk since the deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent but not in the Library's name.

(3) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied in September and are billed to the taxpayers by the Sheriff in October or November. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year. Taxes are budgeted and the revenue recognized in the year they are billed.

ST. MARY PARISH LIBRARY

Notes to Financial Statements (continued)

The taxes are based on assessed values determined by the Tax Assessor of St. Mary Parish and are collected by the St. Mary Parish Sheriff. The taxes are remitted to the Library net of deductions for pension fund contributions.

For the year ended December 31, 2018, taxes of 5.72 mills were levied on property with net assessed valuations totaling \$465,796,269 and were dedicated to paying the administrative, operative and maintenance expenditures for the Library.

Total taxes levied during 2018 were \$2,638,414. Taxes receivable at December 31, 2018 consists of \$2,633,705 of which 2 percent of taxes levied or \$52,253 is considered uncollectible.

(4) Due from Other Governmental Units

The following is a summary of amounts due from other governmental units at December 31, 2018:

| | <u>Governmental Activities</u> |
|-------------------------------|------------------------------------|
| Due from - | |
| St. Mary Parish Tax Collector | <u>\$ 58,606</u> |

ST. MARY PARISH LIBRARY

Notes to Financial Statements (continued)

(5) Capital Assets

Capital asset activity for the year ended December 31, 2018 was as follows:

| | Balances, Beginning of Year | Additions | Deletions | Balances, End of Year |
|--|-----------------------------------|--------------------|------------------|--------------------------|
| Assets not being depreciated: | | | | |
| Land | \$ 295,111 | \$ 25,780 | \$ - | \$ 320,891 |
| Construction in progress | - | 13,500 | - | 13,500 |
| Total capital assets not being depreciated | <u>295,111</u> | <u>39,280</u> | <u>-</u> | <u>334,391</u> |
| Capital assets being depreciated | | | | |
| Books | 1,157,891 | 190,062 | (124,601) | 1,223,352 |
| Buildings and improvements | 6,462,069 | 17,893 | - | 6,479,962 |
| Furniture and equipment | 839,463 | 71,696 | - | 911,159 |
| Total capital assets being depreciated | <u>8,459,423</u> | <u>279,651</u> | <u>(124,601)</u> | <u>8,614,473</u> |
| Less accumulated depreciation | | | | |
| Books | (330,531) | (171,269) | 124,601 | (377,199) |
| Buildings and improvements | (1,681,432) | (167,571) | - | (1,849,003) |
| Furniture and equipment | (722,408) | (63,174) | - | (785,582) |
| Total accumulated depreciation | <u>(2,734,371)</u> | <u>(402,014)</u> | <u>124,601</u> | <u>(3,011,784)</u> |
| Capital assets being depreciated, net | <u>5,725,052</u> | <u>(122,363)</u> | <u>-</u> | <u>5,602,689</u> |
| Capital assets, net | <u>\$ 6,020,163</u> | <u>\$ (83,083)</u> | <u>\$ -</u> | <u>\$ 5,937,080</u> |

Depreciation expense in the amount of \$402,014 was charged to culture and recreation.

ST. MARY PARISH LIBRARY

Notes to Financial Statements (continued)

(6) Retirement Commitments

The employer pension schedules for the Parochial Employees' Retirement System of Louisiana are prepared using the accrual basis of accounting. Members' earnable compensation, for which the employer allocations are based, is recognized in the period in which the employee is compensated for services performed.

Substantially all of the Library's employees are covered under the Parochial Employees' Retirement System of Louisiana. Details concerning the plan are:

Plan Description: The Parochial Employees' Retirement System of Louisiana (the System) is a cost-sharing multiple-employer defined benefit pension plan established by Act 205 of the 1952 regular session of the Legislature of the State of Louisiana to provide retirement benefits to all employees of any parish in the state of Louisiana or any governing body or a parish which employs and pays persons serving the parish.

Act 765 of the year 1979, established by the Legislature of the State of Louisiana, revised the System to create Plan A and Plan B to replace the "regular plan" and the "supplemental plan". Plan A was designated for employers out of Social Security. Plan B was designated for those employers that remained in Social Security on the revision date. Employees of the Library are members of Plan A.

The Parochial Employees' Retirement System of Louisiana issues a stand-alone report on their financial statements. Access to the report can be found on the system's website, www.persla.org, or on the Louisiana Legislative Auditor's website, www.lla.la.gov.

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to these appropriate statutes for more complete information.

Eligibility Requirements: All permanent parish government employees (except those employed by Orleans, Lafourche and East Baton Rouge Parishes) who work at least 28 hours a week shall become members on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate.

As of January 1997, elected officials, except coroners, justices of the peace, and parish presidents may no longer join the System.

Retirement Benefits: Any member of Plan A can retire providing he/she meets one of the following criteria:

For employees hired prior to January 1, 2007:

1. Any age with thirty (30) or more years of creditable service.
2. Age 55 with twenty-five (25) years of creditable service.
3. Age 60 with a minimum of ten (10) years of creditable service.
4. Age 65 with a minimum of seven (7) years of creditable service.

ST. MARY PARISH LIBRARY

Notes to Financial Statements (continued)

For employees hired after January 1, 2007:

1. Age 55 with 30 years of service.
2. Age 62 with 10 years of service.
3. Age 67 with 7 years of service.

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

Survivor Benefits: Upon the death of any member of Plan A with five (5) or more years of creditable service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children, as outlined in the statutes.

Any member of Plan A, who is eligible for normal retirement at time of death, the surviving spouse shall receive an automatic Option 2 benefit, as outlined in the statutes.

A surviving spouse who is not eligible for Social Security survivorship or retirement benefits, and married not less than twelve (12) months immediately preceding death of the member, shall be paid an Option 2 benefit beginning at age 50.

Deferred Retirement Option Plan: Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the Retirement System. DROP is an option for that member who is eligible for normal retirement.

In lieu of terminating employment and accepting a service retirement, any member of Plan A or B who is eligible to retire may elect to participate in the Deferred Retirement Option Plan (DROP) in which they are enrolled for three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account.

Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date.

ST. MARY PARISH LIBRARY

Notes to Financial Statements (continued)

For individuals who become eligible to participate in the Deferred Retirement Option Plan on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in the Plan will be placed in liquid asset money market investments at the discretion of the board of trustees. These subaccounts may be credited with interest based on money market rates of return or, at the option of the System, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of this Plan must agree that the benefits payable to the participant are not the obligations of the state or the System, and that any returns and other rights of the Plan are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

Disability Benefits: For Plan A, a member shall be eligible to retire and receive a disability benefit if they were hired prior to January 1, 2007, and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of an amount equal to three percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or three percent multiplied by years of service assuming continued service to age sixty.

Cost of Living Increases: The Board is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements.

In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age sixty-five equal to 2% of the member's benefit paid on October 1, 1977, (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older. (RS 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

Employer Contributions: According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2017, the actuarially determined contribution rate was 9.35% of member's compensation for Plan A. However, the actual rate for the fiscal year ending December 31, 2017 was 12.50% for Plan A.

According to state statute, the System also receives 1/4 of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities. During the year ended December 31, 2018, the Library recognized revenue as a result of support received from non-employer contributing entities of \$12,710 for its participation in the System.

ST. MARY PARISH LIBRARY

Notes to Financial Statements (continued)

Pension Liabilities/Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2018, the Library reported an asset of \$126,895 for its proportionate share of the net pension assets, which was reported in the governmental activities. The net pension asset was measured as of December 31, 2017 and the total pension asset used to calculate the net pension asset was determined by an actuarial valuations as of that date. The Library's proportion of the net pension asset was based on a projection of the Library's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2017, the Library's proportional was 0.170961%, which was a decrease of 0.003331% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the Library recognized pension expense of \$154,447.

At December 31, 2018, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Governmental Activities</u> | |
|---|---|--|
| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Difference between expected and actual experience | \$ - | \$ 82,142 |
| Changes in Assumption | 160,161 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 293,165 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | - | 5,710 |
| Employer contributions subsequent to the measurement date | <u>121,808</u> | <u>-</u> |
| | <u>\$ 281,969</u> | <u>\$ 381,017</u> |

ST. MARY PARISH LIBRARY

Notes to Financial Statements (continued)

Deferred outflows of resources of \$121,808 related to pensions resulting from the Library's contributions subsequent to the measurement date will be recognized as an adjustment to the net pension asset in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

| Fiscal Year <u>Ending</u> | |
|---------------------------------|---------------------|
| 12/31/2019 | \$ 14,706 |
| 12/31/2020 | (20,225) |
| 12/31/2021 | (99,144) |
| 12/31/2022 | <u>(116,193)</u> |
| Total | <u>\$ (220,856)</u> |

Actuarial Methods and Assumptions: The net pension asset was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2018 are as follows:

ST. MARY PARISH LIBRARY

Notes to Financial Statements (continued)

| | <u>Parochial Employees' Retirement System of Louisiana Plan A</u> |
|----------------------------------|---|
| Valuation Date | December 31, 2017 |
| Actuarial Cost Method Plan A | Entry Age Normal |
| Investment Rate of Return | 6.75%, net of investment expense, including inflation |
| Expected Remaining Service Lives | 4 years |
| Projected Salary Increases | Plan A - 5.25% (2.75% Merit/2.50% Inflation) |
| Cost of Living Adjustment | The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees. |
| Mortality | RP-2000 Employee Sex Distinct Table was selected for employees. RP-2000 Healthy Annuitant Sex Distinct tables were selected for annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants. |
| Inflation Rate | 2.50% |

ST. MARY PARISH LIBRARY

Notes to Financial Statements (continued)

The discount rate used to measure the total pension asset was 6.75% for Plan A, which was a .25% decrease from the discount rate used as of December 31, 2016. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The investment rate of return was 6.75% for Plan A, which was a .25% decrease from the rate used as of December 31, 2016. The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.62%.

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

| <u>Asset Class</u> | <u>Target Asset Allocation</u> | <u>Long-Term Expected Portfolio Real Rate Of Return</u> |
|------------------------------------|--------------------------------|---|
| Fixed Income | 35% | 1.24% |
| Equity | 52% | 3.57% |
| Alternatives | 11% | 0.69% |
| Real assets | <u>2%</u> | <u>0.12%</u> |
| Totals | <u>100%</u> | 5.62% |
| Inflation | | <u>2.00%</u> |
| Expected Arithmetic Nominal Return | | <u>7.62%</u> |

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2010 through December 31, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. The RP-2000 Healthy Annuitant Mortality Sex Distinct Tables (set forward two years for males and set forward one year for females) projected to 2031 using Scale AA was selected for annuitants and beneficiaries. For disabled annuitants, the RP-2000 Disabled Lives Mortality Table, set back five years for males and three years for females was selected. For active employees, the RP-2000 Employee Sex Distinct Tables set back four years for males and three years for females was used.

ST. MARY PARISH LIBRARY

Notes to Financial Statements (continued)

Sensitivity to Change in Discount Rate: The following presents the net pension asset of the participating employers calculated using the discount rate of 6.75%, as well as what the employers' net pension asset would be if it were calculated using a discount rate that is one percentage point lower 5.75% or one percentage point higher 7.75% than the current rate.

| | 1% Decrease 5.75% | Current Discount Rate 6.75% | 1% Increase 7.75% |
|-------------------------------|-------------------------|--------------------------------------|-------------------------|
| Net Pension Liability (Asset) | <u>\$ 625,639</u> | <u>\$ (126,895)</u> | <u>\$ (796,978)</u> |

Payables to the Pension Plan: The Library recorded no accrued liabilities payable to the System for the year ended December 31, 2018.

(7) Fund Balance

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the Library is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds are presented as follows:

| | <u>General</u> |
|--------------------|---------------------|
| Fund balance: | |
| Nonspendable - | |
| Prepaid items | \$ 29,922 |
| Unassigned | <u>6,379,011</u> |
| Total fund balance | <u>\$ 6,408,933</u> |

(8) Board of Control

Members of the Board of Control during the year ended December 31, 2018 are as follows:

Karla Vappie
 Mary Bailey
 Don T. Caffery, Jr.
 Cherie Laiche
 Jane Luke
 Ken Singleton
 Jason Watson
 Lucy Watson

No compensation was paid to these individuals during the year.

ST. MARY PARISH LIBRARY

Notes to Financial Statements (continued)

(9) Compensation and Other Payments to Executive Director

Act 706 of the 2014 Legislative Session amended R.S. 24:513A requiring additional disclosure of total compensation, reimbursements, benefits, or other payments made to an agency head or chief officer. Expenses paid to Julie Champagne for the year ended December 31, 2018 are as follows:

| | |
|-----------------------|-------------------|
| Salary | \$ 82,782 |
| Benefits - Insurance | 7,342 |
| Benefits - Retirement | 9,520 |
| Conference travel | <u>1,631</u> |
| Total | <u>\$ 101,275</u> |

(10) Risk Management

The Library is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Library has elected to purchase insurance coverage through the commercial insurance market to cover its exposure to loss. The Library is insured up to policy limits for each of the above risks. There were no significant changes in coverage's, retentions, or limits during the year ended December 31, 2018. Settled claims have not exceeded the commercial coverage's in any of the previous three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

ST. MARY PARISH LIBRARY
General Fund
Budgetary Comparison Schedule
Year Ended December 31, 2018

| | Budgeted Amounts | | Actual | Variance with |
|----------------------------------|---------------------|---------------------|---------------------|--|
| | Original | Final | (Non-GAAP Basis) | Final Budget Positive (Negative) |
| Revenues: | | | | |
| Taxes-ad valorem | 2,620,690 | 2,620,690 | \$ 2,634,805 | \$ 14,115 |
| Intergovernmental: | | | | |
| State revenue sharing | 56,000 | 56,000 | 19,535 | (36,465) |
| Miscellaneous: | | | | |
| Interest and investment earnings | 8,500 | 8,500 | 2,551 | (5,949) |
| Other sources | 48,000 | 48,000 | 50,086 | 2,086 |
| Total revenues | <u>2,733,190</u> | <u>2,733,190</u> | <u>2,706,977</u> | <u>(26,213)</u> |
| Expenditures: | | | | |
| Culture and recreation - | | | | |
| Current : | | | | |
| Ad valorem tax deductions | 93,713 | 93,713 | 86,486 | 7,227 |
| Insurance | 82,155 | 82,155 | 86,543 | (4,388) |
| Library materials - non capital | 99,500 | 99,500 | 77,140 | 22,360 |
| Materials and supplies | 122,200 | 122,200 | 121,963 | 237 |
| Miscellaneous | 13,490 | 13,490 | 7,886 | 5,604 |
| Operating services | 34,900 | 34,900 | 39,340 | (4,440) |
| Repairs and maintenance | 144,000 | 144,000 | 118,531 | 25,469 |
| Salaries and benefits | 1,636,846 | 1,636,846 | 1,511,932 | 124,914 |
| Telephone and utilities | 137,000 | 137,000 | 160,246 | (23,246) |
| Travel and other charges | 25,000 | 25,000 | 14,345 | 10,655 |
| Capital outlay: | | | | |
| Books | 225,000 | 225,000 | 190,062 | 34,938 |
| Buildings and improvements | - | - | 17,893 | (17,893) |
| Furniture and equipment | 65,000 | 65,000 | 71,696 | (6,696) |
| Land | 50,000 | 50,000 | 39,280 | 10,720 |
| Total expenditures | <u>2,728,804</u> | <u>2,728,804</u> | <u>2,543,343</u> | <u>185,461</u> |
| Net change in fund balance | 4,386 | 4,386 | 163,634 | 159,248 |
| Fund balance, beginning | <u>6,136,733</u> | <u>6,136,733</u> | <u>6,215,163</u> | <u>78,430</u> |
| Fund balance, ending | <u>\$ 6,141,119</u> | <u>\$ 6,141,119</u> | <u>\$ 6,378,797</u> | <u>\$ 237,678</u> |

ST. MARY PARISH LIBRARY

Schedule of Employer's Share of Net Pension Liability/Asset
Year Ended December 31, 2018

| * Year Ended December 31, | Employer Proportion of the Net Pension Liability (Asset) | Employer Proportionate Share of the Net Pension Liability (Asset) | Employer's Covered Payroll | Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset) |
|------------------------------------|---|--|----------------------------------|--|---|
| 2014 | 0.180284% | \$ 49,291 | 1,027,210 | 4.80% | 99.15% |
| 2015 | 0.190394% | \$ 501,172 | 1,001,567 | 50.04% | 92.23% |
| 2016 | 0.174292% | \$ 358,957 | 1,033,649 | 34.73% | 94.15% |
| 2017 | 0.170961% | \$ (126,895) | 1,050,608 | 12.08% | 101.98% |

* The amounts presented have a measurement date of the previous fiscal year end.

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

ST. MARY PARISH LIBRARY

Schedule of Employer Contributions
Year Ended December 31, 2018

| Year Ended December 31, | Contractually Required Contribution | Contributions in Relation to Contractually Required Contribution | Contribution Deficiency (Excess) | Employer's Covered Employee Payroll | Contributions as a % of Covered Employee Payroll |
|-------------------------|-------------------------------------|--|----------------------------------|-------------------------------------|--|
| 2015 | \$ 144,892 | \$ 144,892 | \$ - | \$ 1,001,567 | 14.47% |
| 2016 | \$ 134,374 | \$ 134,374 | \$ - | \$ 1,033,649 | 13.00% |
| 2017 | \$ 131,326 | \$ 131,326 | \$ - | \$ 1,050,608 | 12.50% |
| 2018 | \$ 121,808 | \$ 121,808 | \$ - | \$ 1,059,209 | 11.50% |

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

ST. MARY PARISH LIBRARY

Notes to Required Supplementary Information

(1) Budgetary Basis of Accounting

The budget is adopted on the modified accrual basis consistent with generally accepted accounting principles (GAAP), with the exception of ad valorem tax revenue which is adopted on the accrual basis. Budgeted amounts are as originally adopted or as finally amended by the Library.

(2) Budgetary Practices

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

1. The Library’s Director prepares a proposed budget and presents it to the Board of Control prior to ninety days before the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. Any changes in the proposed annual operating budget require a majority vote of the Board of Control.
5. No later than the last regular meeting of the fiscal year, the Board of Control adopts the annual operating budget for the ensuing fiscal year.
6. The Library Director, under the direction of the Board of Control, has the authority to alter budget amounts.
7. Budget appropriations lapse at year end.

(3) Non-GAAP Budgetary Reporting Reconciliation

Budgetary amounts adopted by the Library for ad valorem tax revenues are on the accrual basis of accounting rather than the modified accrual basis on which the General Fund reports. Actual amounts for the General Fund are reconciled on a non-GAAP basis for comparison to budget as follows:

| | As Reported | Adjustment to Budgetary Basis | Non-GAAP Basis |
|------------------|--------------------|-------------------------------------|---------------------|
| Revenues: | | | |
| Taxes-ad valorem | <u>\$2,743,371</u> | <u>\$ (108,566)</u> | <u>\$ 2,634,805</u> |

ST. MARY PARISH LIBRARY

Notes to Required Supplementary Information (continued)

(4) Pension Plan

A. Changes of Benefit Terms

There were no changes of benefit terms.

B. Changes of Assumptions

| * | | | | | |
|---------------------|-------------|------------------|-------------|----------------------|-----------------|
| Year ended | Discount | Investment | Inflation | Expected | Projected |
| <u>December 31,</u> | <u>Rate</u> | <u>Rate</u> | <u>Rate</u> | <u>Remaining</u> | <u>Salary</u> |
| | | <u>of Return</u> | | <u>Service Lives</u> | <u>Increase</u> |
| 2015 | 7.25% | 7.25% | 3.00% | 4 | 5.75% |
| 2016 | 7.00% | 7.00% | 2.50% | 4 | 5.25% |
| 2017 | 7.00% | 7.00% | 2.50% | 4 | 5.25% |
| 2018 | 6.75% | 6.75% | 2.50% | 4 | 5.25% |

* The amounts presented have a measurement date of the previous fiscal year end.

INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Victor R. Slaven, CPA*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Brad E. Kolder, CPA, JD*
Stephen J. Anderson, CPA*
Christine C. Doucet, CPA
Wanda F. Arcement, CPA, CVA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA
Casey L. Ardoin, CPA, CFE

183 S. Beadle Rd. 11929 Bricksome Ave.
Lafayette, LA 70508 Baton Rouge, LA 70816
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.
Alexandria, LA 71301 New Iberia, LA 70560
Phone (337) 442-4421 Phone (337) 367-9204

200 S. Main St. 1234 David Dr. Ste. 203
Abbeville, LA 70510 Morgan City, LA 70380
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.
Ville Platte, LA 70586 Oberlin, LA 70655
Phone (337) 363-2792 Phone (337) 639-4737

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*

Board of Control
St. Mary Parish Library
Franklin, 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 St. Mary Parish Library ("Library"), a component unit of the Parish of St. Mary, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements, and have issued our report thereon dated May 9, 2019.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Library's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, we identified a deficiency in internal control that we consider to be a material weakness and which is described in the accompanying schedule of audit results and findings as item 2018-001.

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 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 matter that are required to be reported under *Government Auditing Standards*.

Library's Response to Findings

The Library's response to the finding identified in our audit is described in the accompanying corrective action plan for current audit findings. The Library's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Library'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 Library's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
May 9, 2019

ST. MARY PARISH LIBRARY

Summary Schedule of Prior Audit Findings
Year Ended December 31, 2018

A. Internal Control

2017-001 – Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

RECOMMENDATION: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

CURRENT STATUS: See schedule of audit results and findings, item 2018-001.

B. Compliance

2017-002 – Failure to Publish Minutes

CONDITION: The Library did not publish minutes for all of its public meetings within a reasonable period of time.

RECOMMENDATION: We recommend that the Library publish minutes of its open meetings in its official journal within a reasonable period of time.

CURRENT STATUS: Condition did not reoccur.

C. Management letter

No management letter was issued as a result of the prior engagement.

ST. MARY PARISH LIBRARY

Schedule of Audit Results and Findings
Year Ended December 31, 2018

Part I. Summary of Auditor's Results

The auditor's report expresses unmodified opinions on the financial statements of the Library's governmental activities and the major fund (General Fund).

A deficiency in internal control over financial reporting was disclosed by the audit of the financial statements and is considered a material weakness.

No instances of noncompliance required to be reported in accordance with *Governmental Auditing Standards* were disclosed by the audit of the financial statements.

A management letter was not issued.

Part II. Findings required to be reported in accordance with *Governmental Auditing Standards*

2018-001 Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

CRITERIA: Internal control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The Library's internal control over financial reporting includes those policies and procedures that pertain to the Library's ability to record, process, summarize, and report financial data consistent with the assertions embodied in financial statements.

CAUSE: The cause of the conditions is the result of a failure to design and implement policies and procedures necessary to achieve adequate internal control.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

Part III. Findings and questioned costs for federal awards reported in accordance with the Uniform Guidance

The requirements of the Uniform Guidance do not apply to the Library.

ST. MARY PARISH LIBRARY

Corrective Action Plan for Current Audit Findings
Year Ended December 31, 2018

2018-001 - Segregation of Duties:

CONDITION: Accounting and financial functions are not adequately segregated.

MANAGEMENT'S RESPONSE: Not considered necessary.

MANAGEMENT'S WRITTEN RESPONSE TO CURRENT AUDIT FINDINGS

APPENDIX A

(There are no reported findings requiring corrective action.)

ST. MARY PARISH LIBRARY

Statewide Agreed-Upon Procedures

Fiscal period January 1, 2018 through December 31, 2018

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Victor R. Slaven, CPA*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Brad E. Kolder, CPA, JD*
Stephen J. Anderson, CPA*
Christine C. Doucet, CPA
Wanda F. Arcement, CPA, CVA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA
Casey L. Ardoin, CPA, CFE

183 S. Beadle Rd. 11929 Bricksome Ave.
Lafayette, LA 70508 Baton Rouge, LA 70816
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.
Alexandria, LA 71301 New Iberia, LA 70560
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1234 David Dr. Ste. 203
Abbeville, LA 70510 Morgan City, LA 70380
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.
Ville Platte, LA 70586 Oberlin, LA 70655
Phone (337) 363-2792 Phone (337) 639-4737

* A Professional Accounting Corporation

WWW.KCSRPCAS.COM

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES ON CONTROL AND COMPLIANCE AREAS IDENTIFIED BY THE LOUISIANA LEGISLATIVE AUDITOR

To the Board of Control
St. Mary Parish Library
Franklin, Louisiana

We have performed the procedures enumerated below, which were agreed to by St. Mary Parish Library (hereinafter "Library") and the Louisiana Legislative Auditor (LLA) (the specified parties) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through December 31, 2018, as required by the *Louisiana Governmental Audit Guide*. The Library's management is responsible for those control and compliance areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated exceptions are as follows:

Written Policies and Procedures

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

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

The Library's written policies and procedures were obtained and address the categories and noted above.

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

The Library's written policies and procedures were obtained and address the categories noted above.

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

The Library's written policies and procedures were obtained and address the categories noted above.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

The Library does not have any written policies or procedures that address the categories noted above.

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

The Library's written policies and procedures were obtained and address the categories noted above with the exception of payroll processing.

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

The Library does not have any written policies or procedures that address the categories noted above.

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

The Library's written policies and procedures were obtained and address the categories noted above.

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

The Library's written policies and procedures were obtained and address the categories noted above with the exception of dollar thresholds by category of expense.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the Library's ethics policy.

The Library's written policies and procedures were obtained and address the categories noted above.

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

Not applicable. The Library does not have statutory authority to issue debt.

Board or Finance Committee

Note: Procedures excluded from testing in the current period—Per the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, Year 2: "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories in Year 2."

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent documents.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.
- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Bank Reconciliations

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

Obtained listing of the Library's bank accounts for the fiscal period and management's representation that the listing is complete. Selected the Library's only bank account, which is also its main operating account, and randomly selected one month from the fiscal period.

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

No exceptions noted.

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

The office manager reviews and approves bank reconciliations, handles cash, posts to ledgers, and issues checks.

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

No exceptions noted.

Collections

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

Obtained a listing of deposit sites for the fiscal period and management's representation that the listing is complete. Randomly selected five (5) of the Library's seven (7) deposit sites.

- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site, obtain and inspect written policies and procedures relating to employee job duties at each collection location, and observe that job duties are properly segregated at each collection location such that:

Obtained a listing of collection locations for the fiscal period and management's representation that the listing is complete. Selected the Library's only collection location for each of the selected deposit sites.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted

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

No exceptions noted.

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

Management advised that all employees who have access to cash are covered by an insurance policy for theft.

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

Randomly selected two deposit dates for the Library's one (1) bank account selected for procedure #3 under "Bank Reconciliations" above.

- a) Observe that receipts are sequentially pre-numbered.

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Selected the Library's one (1) location that processes payments.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase and placing an order/making the purchase.

No exceptions noted.

- b) At least two employees are involved in processing and approving payments to vendors.

No exceptions noted.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

No exceptions noted.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

No exceptions noted.

10. For each location selected under #8 above, obtain the Library's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

Obtained the Library's non-payroll disbursement transaction population and management's representation that the population is complete. Randomly selected five (5) disbursements from the Library's one (1) location that processes payments.

- a) Observe that the disbursement matched the related original invoice/billing statement.

No exceptions noted.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

No exceptions noted.

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

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

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

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation and:

Randomly selected five (5) cards that were used during the fiscal period. Randomly selected one monthly statement for each card.

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported]

One (1) card selected evidenced the monthly statement and supporting documentation as being reviewed and approved by the authorized cardholder.

- b) Observe that finance charges and/or late fees were not assessed on the selected statements.

No finance charges and/or late fees were observed.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

No exceptions noted.

Travel and Travel-Related Expense Reimbursement (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursements, as well as the supporting documentation. For each of the 5 reimbursements selected:

Obtained a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing is complete. Randomly selected five (5) reimbursements and obtained the related expense reimbursement forms/prepaid expense documentation for each of the selected reimbursements, as well as supporting documentation.

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

No exceptions noted.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

No exceptions noted.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

No exceptions noted.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

Contracts

- 15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

Obtained a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period and management's representation that the listing is complete. Randomly selected five (5) contracts from the listing, excluding the practitioner's contract.

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

No exceptions noted.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

No exceptions noted.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

No exceptions noted.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions noted.

Payroll and Personnel

- 16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly selected five (5) employees/officials.

Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

Randomly selected one pay period during the fiscal period. Obtained attendance records and leave documentation for the pay period.

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

No exceptions noted.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

No exceptions noted.

- c) Observe that any leave accrued or taken during the pay period is reflected in the Library's cumulative leave records.

No exceptions noted.

17. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

Obtained management's representation that no termination payments were made to employees/officials during the fiscal period.

18. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Obtained management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by the required deadlines.

Ethics

Note: Procedures excluded from testing in the current period—Per the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, Year 2: "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories in Year 2."

19. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
 - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the Library's ethics policy during the fiscal period.

Debt Service (excluding nonprofits)

Note: Procedures excluded from testing in the current period—Per the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, Year 2: "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories in Year 2."

20. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

21. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Other

22. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the Library reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the Library is domiciled.

Obtained management's representation that there were no misappropriations of public funds or assets during the fiscal period.

23. Observe that the Library has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions noted.

Management's Response

The District's management and board of commissioners concur with the exceptions and are working to address the deficiencies identified.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those control and compliance areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those control and compliance areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. This report is intended solely for the information of and use by the Library's management and the LLA. Accordingly, this report is not suitable for any other purpose and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
May 9, 2019