

ST. JOHN THE BAPTIST PARISH LIBRARY

Annual Financial Report

As of and for the Year Ended

December 31, 2017

KEITH J. ROVIRA
Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

St. John the Baptist Parish Library
A Component Unit of the St. John the Baptist Parish Council
LaPlace, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the St. John the Baptist Parish Library, a component unit of the St. John the Baptist Parish Council, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective net position of the St. John the Baptist Parish Library, as of December 31, 2017, and the respective changes in net position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

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

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the St. John the Baptist Parish Library's basic financial statements. The supplementary information schedules, as listed in the table of contents, are presented for purpose of additional analysis and are not a required part of the basic financial statements.

The supplementary information schedules listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the

information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued a report dated June 25, 2018, on my consideration of the St. John the Baptist Parish Library's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the library's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Keith J. Rovira". The signature is written in a cursive style with a large, prominent "K" and "R".

Keith J. Rovira
Certified Public Accountant
Metairie, Louisiana

June 25, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
Management's Discussion and Analysis
As of and for the Year Ended December 31, 2017

The Management's Discussion and Analysis (MD&A) of the St. John the Baptist Parish Library's financial performance presents a narrative overview and analysis of the library's financial activities for the year ended December 31, 2017. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the additional information contained in the basic financial statements. The MD&A is an element of the new reporting model adopted by the Government Accounting Standards Board (GASB) in their Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" issued June, 1999. Certain comparative information between the current year and prior year has been presented in the MD&A.

FINANCIAL HIGHLIGHTS

The minimum requirements for financial reporting on the St. John the Baptist Parish Library's office that was established by GASB No. 34 are divided into the following sections:

- (a) Management's Discussion and Analysis
- (b) Basic Financial Statements
- (c) Required Supplementary Information (other than MD&A)

Basic Financial Statements:

The basic information statements present information for the library as a whole, in a format designed to make the statements easier for the reader to understand. The financial statements in this section are divided into the two following types:

- (1) **Government – Wide Financial Statements**, which include a Statement of Net Position and Statement of Activities. These statements present financial information for all activities of the library from an economic resources measurement focus using the accrual basis of accounting and providing both short-term and long-term information about the library's overall financial status.
- (2) **Fund Financial Statements**, which include a Balance Sheet and a Statement of Revenues, Expenses, and Changes in Fund Balance for the General Fund (a governmental fund). These financial statements present information on the individual fund of the library allowing for more detail. The current financial resources measurement focus and the accrual basis of accounting used to prepare these statements is dependent on the fund type. The library's main governmental fund is the General Fund. The statements in this section represent the short-term financing of general government.

ST. JOHN THE BAPTIST PARISH LIBRARY
 LaPlace, Louisiana
 Management's Discussion and Analysis
 As of and for the Year Ended December 31, 2017

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Position
 December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Current and other assets	\$12,192,052	\$11,699,602
Capital assets	<u>5,213,314</u>	<u>5,143,261</u>
Total Assets	<u>17,405,366</u>	<u>16,842,863</u>
Deferred Outflows of Resources	<u>345,167</u>	<u>574,168</u>
Current liabilities	208,950	280,227
Long-term liabilities	<u>1,521,732</u>	<u>1,651,268</u>
Total Liabilities	<u>1,730,682</u>	<u>1,931,495</u>
Deferred Inflows of Resources	<u>63,114</u>	<u>79,991</u>
Net Position:		
Invested in capital assets, net of debt	5,213,314	5,143,261
Restricted for endowment	5,000	5,000
Unrestricted	<u>10,738,423</u>	<u>10,257,284</u>
Total Net Position	<u>\$15,956,737</u>	<u>\$15,405,545</u>

The library has a net position "restricted" for an endowment totaling \$5,000. Restricted net positions represent those portions of net positions legally segregated for a specific future use.

The library also has "unrestricted" net positions, and those are net positions that do not have any limitations on what the amounts may be used for.

ST. JOHN THE BAPTIST PARISH LIBRARY
 LaPlace, Louisiana
 Management's Discussion and Analysis
 As of and for the Year Ended December 31, 2017

Statement of Revenue, Expenditures and Changes in Fund Balance
 For the years ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenues	\$4,363,941	\$4,381,105
Expenditures	<u>(3,554,821)</u>	<u>(3,620,686)</u>
Net Changes in Fund Balance	<u>\$809,120</u>	<u>\$760,419</u>

The increase in the Net Change in Fund Balance from 2016 to 2017 amounts is due to a decrease in capital outlay costs associated with the Edgard Library Expansion as it, personnel costs, and operating services.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The library had a net book value of \$5,213,314 invested in a broad range of capital assets, including the library collection, furniture and equipment, buildings, parking lot and land as of December 31, 2017. This amount represents the original cost of all capital assets less total accumulated depreciation.

Even though the library is restricted by state statute from owning buildings and land (real property), GASB Statement No. 34 requires that buildings be reported as capital assets on the library's Statement of Net Position and depreciated annually, as applicable, because the library has primary responsibility for managing and maintaining the building.

The table below lists capital assets by type, and the accumulated depreciation as of year-end:

	<u>2017</u>	<u>2016</u>
<u>Capital Assets</u>		
Library collection	\$3,606,540	\$3,576,264
Furniture and equipment	1,345,240	1,294,265
Buildings	5,702,052	5,413,635
Land	<u>40,000</u>	<u>40,000</u>
	10,693,832	10,324,164
Less: Accumulated depreciation	<u>(5,480,518)</u>	<u>(5,180,903)</u>
Net Capital Assets	<u>\$5,213,314</u>	<u>\$5,143,261</u>

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
Management's Discussion and Analysis
As of and for the Year Ended December 31, 2017

Debt (Long-term Liabilities)

The Library's long-term debt outstanding at year end totaled \$1,521,732, and was comprised of other postemployment benefit obligations (GASB 45 - OPEB) of \$1,140,938, net pension liability of \$356,343 (GASB 68), and accrued annual leave of \$24,451.

ECONOMIC FACTORS AND THE 2018 BUDGET

The library considered the following factors and indicators when preparing its budget for the 2018 fiscal year-end: (1) ad valorem revenue will remain at approximately the same level as last year; and (2) the library anticipates that personnel costs, operating services, materials and supplies, capital outlays, and the costs of adding to the library collection will remain approximately the same year over year.

The library expects that anticipated revenues and existing available funds for the year will be sufficient to meet its anticipated operating expenses.

CONTACTING THE LIBRARY'S MANAGEMENT

This financial report is designed to provide the citizens, taxpayers, investors and creditors with a general overview of the library's finances, and to show the library's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact the Library Director of the St. John the Baptist Parish Library, 2920 Highway 51, LaPlace, Louisiana, 70068, or telephone, 985-652-6857.

BASIC FINANCIAL STATEMENTS
(GOVERNMENT-WIDE FINANCIAL STATEMENTS)

ST. JOHN THE BAPTIST PARISH LIBRARY
 LaPlace, Louisiana
 Statement of Net Position
 December 31, 2017

<u>ASSETS</u>	<u>Governmental Activities</u>
Current Assets:	
Cash	\$8,159,226
Ad valorem tax receivables	3,973,444
State revenue sharing receivables	<u>59,382</u>
Total Current Assets	<u>12,192,052</u>
Noncurrent Assets:	
Capital assets (net of depreciation)	<u>5,213,314</u>
Total Noncurrent assets	<u>5,213,314</u>
TOTAL ASSETS	<u>17,405,366</u>
Deferred Outflows of Resources	<u>345,167</u>
 <u>LIABILITIES</u>	
Current Liabilities:	
Accounts and payroll deductions payable	44,744
Sheriff's pension contribution payable	<u>164,206</u>
Total Current Liabilities	<u>208,950</u>
Long-term Liabilities:	
Net pension liability	356,343
Net other postemployment benefit obligations	1,140,938
Accrued annual leave	<u>24,451</u>
Total Long-term Liabilities	<u>1,521,732</u>
TOTAL LIABILITIES	<u>1,730,682</u>
Deferred Inflows of Resources	<u>63,114</u>
 <u>NET POSITION</u>	
Invested in capital assets, net of related debt	5,213,314
Restricted for endowment	5,000
Unrestricted	<u>10,738,423</u>
TOTAL NET POSITION	<u>\$15,956,737</u>

The accompanying notes are an integral part of this statement.

ST. JOHN THE BAPTIST PARISH LIBRARY
 LaPlace, Louisiana
 Statement of Activities
 As of and for the year ended December 31, 2017

EXPENSES**Library Services:**

Personal services	\$2,093,790
Other postemployment benefit obligation change	39,615
Operating services	516,677
Material and supplies	90,959
Travel and other charges	5,667
Capital outlay	117,544
Depreciation	585,305
Deductions from ad valorem taxes for the Sheriff's retirement system	<u>164,206</u>

Total Expenses 3,613,763

GENERAL REVENUES

Ad valorem taxes (net)	4,007,771
State revenue sharing	89,074
Fees, fines and charges for library services	48,103
Interest earnings	4,764
Nonemployer contributions	12,781
Other revenue	<u>2,462</u>

Total General Revenues 4,164,955

Change in Net Position 551,192

Net Position at Beginning of Year 15,405,545

Net Position at End of Year \$15,956,737

The accompanying notes are an integral part of this statement.

BASIC FINANCIAL STATEMENTS
(FUND FINANCIAL STATEMENTS)

ST. JOHN THE BAPTIST PARISH LIBRARY

LaPlace, Louisiana

Balance Sheet

Governmental Funds

December 31, 2017

	General Fund	Capital Project Fund - Edgard Library Expansion	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$8,159,226	-	\$8,159,226
Ad valorem tax receivables	3,973,444	-	3,973,444
State revenue sharing receivables	<u>59,382</u>	-	<u>59,382</u>
Total Assets	<u>\$12,192,052</u>	-	<u>\$12,192,052</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts and payroll deductions payable	\$44,744	-	\$44,744
Sheriff's pension contribution payable	<u>164,206</u>	-	<u>164,206</u>
Total Liabilities	<u>208,950</u>	-	<u>208,950</u>
Fund Balance:			
Nonspendable	-	-	-
Restricted-endowment	5,000	-	5,000
Committed	-	-	-
Assigned	-	-	-
Unassigned	<u>11,978,102</u>	-	<u>11,978,102</u>
Total Fund Balance	<u>11,983,102</u>	-	<u>11,983,102</u>
Total Liabilities and Fund Balance	<u>\$12,192,052</u>	-	<u>\$12,192,052</u>

The accompanying notes are in integral part of this statement.

ST. JOHN THE BAPTIST PARISH LIBRARY
 LaPlace, Louisiana
 Reconciliation of the Governmental Funds Balance Sheet
 to the Government-Wide Statement of Net Position
 December 31, 2017

Total Fund Balance – Governmental Funds	\$11,983,102
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Amounts reported for governmental activities
 in the Statement of Net Position are different
 because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet, net of accumulated depreciation	5,213,314
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Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Deferred outflows of resource	345,167
Deferred inflows of resources	(63,114)
Net pension liability	(356,343)
Net other postemployment benefit obligations	(1,140,938)
Accrued annual leave payable	<u>(24,451)</u>

Total Net Position of Governmental Activities	<u>\$15,956,737</u>
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The accompanying notes are an integral part of this statement.

ST. JOHN THE BAPTIST PARISH LIBRARY
 LaPlace, Louisiana
Statement of Revenue, Expenditures and Changes in Fund Balance
Governmental Funds
 For the Year Ended December 31, 2017

	<u>General Fund</u>	<u>Capital Project Fund - Edgard Library Expansion</u>	<u>Total Governmental Fund</u>
<u>REVENUES</u>			
Ad valorem taxes (net)	\$4,219,795	-	\$4,219,795
State revenue sharing	88,817	-	88,817
Fees, fines & charges for library services	48,103	-	48,103
Interest earnings	4,629	\$135	4,764
Other revenue	<u>2,462</u>	<u>-</u>	<u>2,462</u>
 Total Revenues	 <u>4,363,806</u>	 <u>135</u>	 <u>4,363,941</u>
 <u>EXPENDITURES</u>			
Library Services:			
Personnel services	2,038,034	-	2,038,034
Operating services	461,166	19,967	481,133
Material & supplies	89,967	-	89,967
Travel and other charges	5,637	-	5,637
Capital outlay	428,008	339,870	767,878
Deductions from ad valorem taxes for Sheriff's retirement system	<u>172,172</u>	<u>-</u>	<u>172,172</u>
 Total Expenditures	 <u>3,194,984</u>	 <u>359,837</u>	 <u>3,554,821</u>
 Excess (Deficiency) of Revenues over Expenditures	 <u>1,168,822</u>	 <u>(359,702)</u>	 <u>809,120</u>

The accompanying notes are an integral part of this statement

ST. JOHN THE BAPTIST PARISH LIBRARY
 LaPlace, Louisiana
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds (Continued)
 For the Year Ended December 31, 2017

	<u>General Fund</u>	<u>Capital Project Fund - Edgard Library Expansion</u>	<u>Total Governmental Fund</u>
OTHER FINANCING			
<u>SOURCES (USES)</u>			
Transfer in from:			
General Fund	-	\$500,000	\$500,000
Edgard Library Expansion	\$338,543	-	338,543
Transfer (out) to:			
General Fund	-	(338,543)	(338,543)
Edgard Library Expansion	<u>(500,000)</u>	<u>-</u>	<u>(500,000)</u>
Total other Financing Sources (Uses)	<u>(161,457)</u>	<u>161,457</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	1,007,365	(198,245)	809,120
Fund Balance at Beginning of Year	<u>11,221,129</u>	<u>198,245</u>	<u>11,419,374</u>
Fund Balance at End of Year	<u>\$12,228,494</u>	-	<u>\$12,228,494</u>

The accompanying notes are an integral part of this statement.

ST. JOHN THE BAPTIST PARISH LIBRARY
 LaPlace, Louisiana
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balance to the Statement of Activities
 For the Year Ended December 31, 2017

Excess of Revenues over Expenditures - Governmental Funds	\$809,120
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:

Depreciation expense	(585,305)
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Some items reported in the Statement of Net Position do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Decrease in accrued annual leave payable	22,177
Net increase in OPEB obligation	(39,615)

Effects of GASB 68	<u>344,815</u>
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Change in Net Position - Governmental Activities	<u>\$551,192</u>
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The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

ST. JOHN THE BAPTIST PARISH LIBRARY

LaPlace, Louisiana

Notes to the Financial Statements

December 31, 2017

INTRODUCTION

The St. John the Baptist Parish Library was established by the parish governing authority under provisions of Louisiana Revised Statute (LSA-R.S.) 25:211 and is governed by a Board of Control that is appointed by the Parish Council in accordance with provisions of LSA-R.S. 25:214. The library provides citizens of the parish access to library materials in print resources, such as books and magazines, a wide variety of non-print resources, such as DVD's, several formats of audio-books, online research databases and electronic reference resources, electronic downloadable books (e-books), internet access and a small selection of music on compact disk. In addition to print and non-print resources, the library provides public access to computer workstations in all branches, conducts programs for children and adults, and provides access to meeting rooms when these spaces are not being used for library programs. The assets of the library are made available to nonresidents through a small fee for a non-resident card and through an inter-library loan agreement with the State Library of Louisiana.

One main library and three branch libraries served St. John the Baptist Parish with a population of approximately 44,000 people in the current year as estimated by the United States Census Bureau. The library has continued to expand its electronic access services of informational, instructional, and entertainment databases, e-books, downloadable audio books, music and streaming video (movies) in addition to the resources offered through the State Library of Louisiana. A continuing increase of marketing for library resources and programs serves to inform the public on the variety and value of these resources and services.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**1. Basis of Presentation**

The accompanying basic financial statements of the St. John the Baptist Parish Library have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The St. John the Baptist Parish Library has adopted the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussions and Analysis – for State and Local Governments. In this regard, the library will be treated as a governmental-type activity for financial reporting purposes in this audit. The minimum requirements for the library established by GASB State No. 34 are divided into the following sections: (a) Management's Discussion and Analysis (b) Basic Financial

ST. JOHN THE BAPTIST PARISH LIBRARY

LaPlace, Louisiana

Notes to the Financial Statements

December 31, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statements, and (c) Required Supplementary Information (other than MD&A). The accompanying financial statements of the St. John the Baptist Parish Library present information only as to the transactions of the programs of the library as authorized by Louisiana statutes and administrative regulations. Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues, including ad valorem taxes, state revenue sharing, intergovernmental revenue, interest and other revenues of the library, are recognized in the accounting period in which they are earned and become measurable.

Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. They are recognized as revenue in the year the taxes are assessed.

Expense Recognition

Expenses are also recognized on the accrual basis; therefore, expenses, including salaries, operating services and expenses, materials and supplies, travel, capital outlay, intergovernmental expenses, etc. are recognized in the period incurred, if measurable.

2. Reporting Entity

As the governing authority of the parish, for reporting purposes, the St. John the Baptist Parish Council is the financial reporting entity for St. John the Baptist Parish. The financial reporting entity consists of (a) the primary government (St. John the Baptist Parish Council), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the St. John the Baptist Parish council for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability.

ST. JOHN THE BAPTIST PARISH LIBRARY

LaPlace, Louisiana

Notes to the Financial Statements

December 31, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The GASB has set forth criteria to be considered in determining financial accountability. This criterion includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. the ability of the parish council to impose its will on that organization, and/or
 - b. the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the parish council.
2. Organizations for which the parish council does not appoint a voting majority, but are fiscally dependent on the parish council.
3. Organization for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature of significance of the relationship.

Because the parish council appoints the governing board and because of the scope of public service, the library was determined to be a component unit of St. John the Baptist parish Council, the governing body of the parish and the governmental body with oversight responsibility.

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

4. Fund Accounting

The library uses governmental fund types to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions and activities. A fund is a separate accounting entity with a self-balancing set of accounts.

ST. JOHN THE BAPTIST PARISH LIBRARY
 LaPlace, Louisiana
 Notes to the Financial Statements
 December 31, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The library's governmental fund types are described as follows:

a. General Fund

The General Fund is the principal fund of the library and accounts for general activities, including the collection and disbursement of specific or legally restricted monies and the acquisition of capital assets. The various taxes, fees and charges due to the library are accounted for in this fund, as well as, general operating expenditures.

5. Budgets

All proposed budgets for the library were prepared on the cash basis of accounting. The original budgets were completed and made available for public inspection at the library on October 31, 2016. A public hearing was held on December 5, 2016, for suggestions and comments from the public, and the proposed budgets were formally adopted on that date. The budgets which included proposed cash expenditures and the means of financing them were published in the official journal prior to the public hearing. All appropriations lapse at year end, and any accounts payable outstanding at year end are included in the next year's budget with funds appropriated in that year to finance them. Formal budget integration is not employed as a management control device during the year; however, the administrative librarian monitors the budget during the year.

The administrative librarian is authorized to transfer amounts between line items within any fund. When actual cash revenues fail to meet budgeted cash revenues by five percent or more and/or actual cash expenditures exceed budgeted expenditures by five percent or more, a budget amendment to reflect such change is adopted by the library board in an open meeting. Budget amounts included in the accompanying financial statements include the original adopted budgets and all subsequent amendments.

The original budgets were amended and made available for public inspection at the library on November 13, 2017. A public hearing was held on December 4, 2017, for suggestions and comments from the public, and the proposed amendments were formally adopted on that date.

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
Notes to the Financial Statements
December 31, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6. Cash Deposits
Cash deposits include amounts in interest bearing demand deposits and a savings account. Under state law, the library may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, U.S. Treasury Bills or certificates of deposit with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

7. Receivables
There was a 2% allowance for doubtful accounts set up based on past experience of the differences between the amount of ad valorem taxes received and accrued as recorded on the financial statements.

8. Capital Assets
Capital assets are recorded at either historical cost or estimated historical cost and are depreciated over their estimated useful lives (excluding salvage value). Additions to the library collection are currently being recorded at the actual purchase price of the item. Any donated capital assets are recorded at their estimated fair value at the date of donation. The estimated useful life of an asset is management's estimate of how long the asset is expected to meet its service demands. Straight-line depreciation is used based on the following estimated useful lives: furniture and equipment - 5 years; vehicles - 5 years; outdoor metal furniture and parking lot - 20 years; library collection - 7 years; building - 40 years.

The library board has a policy to record and depreciate furniture and equipment items that have a purchase price of \$1,000 or more.

Also, GASB Statements No. 34 requires that buildings be reported as capital assets on the library's Statement of Net Position and depreciated annually over 40 years, as applicable, because the library has primary responsibility for managing and maintaining its buildings.

9. Annual and Sick Leave
Vacation (annual) leave is accumulated by employees at a variable rate, which is predetermined by the library board and depends on the employee's years of service.

ST. JOHN THE BAPTIST PARISH LIBRARY

LaPlace, Louisiana

Notes to the Financial Statements

December 31, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The leave is accumulated on a per month basis and is credited at the end of each month. Upon separation from employment, the employee is paid for all vacation leave that is accumulated and credited to the employee. Employees may accumulate a maximum of two and one half times their rate of annual leave. A long-term liability is set up on the financial statements to account for the amount due to employees who have accumulated annual leave as of the end of the year.

Sick leave is granted to full-time, permanent employees at the rate of 12 working days (96 hours) per calendar year. Any unused amount of sick leave can be accumulated without limit and carried forward from one year to the next indefinitely. No compensation for unused sick leave is paid to employees upon retirement or termination. Unused sick leave is recorded and maintained for each employee and retiree in accordance with the rules of the Parochial Employees' Retirement System so that upon retirement the unused amount can be converted to additional retirement credit.

10. Restricted Net Position

Restricted net position represents those portions of assets legally segregated for a specific future use. The library restricts assets on the Statement of Net Position for an endowment received in 1976.

11. Encumbrances

Encumbrance accounting is not utilized by the library due to the nature of operations and the ability of management to monitor budgeted expenses on a timely basis.

12. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

13. Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position

In some instances, the GASB requires a governmental body to delay recognition of decreases in net position as expenditures until a further

ST. JOHN THE BAPTIST PARISH LIBRARY
 LaPlace, Louisiana
 Notes to the Financial Statements
 December 31, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

period. In other instances, governments are required to delay recognition of increases in net position as revenues until a further period. In these circumstances, deferred outflows and inflows of resources result from the delayed recognition of expenditures or revenues, respectively.

14. **Equity Classification**

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

- a. Invested in capital assets, net of related debt: consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position: consists of assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use either by (1) external groups, such as creditors, grantors, contributors, or law or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position: all other assets that do not meet the definition of “invested in capital assets, net or related debt” or “restricted net position,” or deferred outflows of resources, liabilities, and deferred inflows of resources.

In the fund financial statements, governmental fund equity is classified as fund balance. The library has adopted GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. As such, fund balances of the governmental funds are classified as follows:

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.

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 Notes to the Financial Statements
 December 31, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted: Amounts that can be spent for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the law or regulations of other governments.

Committed: Amounts that can be used only for specific purposes determined by a formal action of the library board. The board is the highest level of decision making authority for the library. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the board.

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 may assign amounts for specific purposes.

Unassigned: All other spendable amounts.

	<u>All Funds</u>
Nonspendable:	-
Restricted – endowment:	\$ 5,000
Committed:	-
Assigned:	-
Unassigned:	<u>11,978,102</u>
Total	<u>\$11,983,102</u>

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 has provided otherwise in its commitment or assignment actions.

ST. JOHN THE BAPTIST PARISH LIBRARY

LaPlace, Louisiana

Notes to the Financial Statements

December 31, 2017

NOTE B – LEVIED TAXES

Through the parish council, the library is authorized to levy a 10-mill ad valorem tax for library operations, maintenance and construction. The library levied and received 9.94 mills for the year ended December 31, 2017.

NOTE C – CASH

At December 31, 2017, the carrying amounts (book balances) of all cash of the library was as follows:

Cash on hand	\$ 550
Interest bearing checking	8,150,859
Savings accounts (Endowment)	<u>7,817</u>
Total	<u>\$8,159,226</u>

These deposits are stated at cost, which approximates market. Under state law, the deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2017, the library had \$8,183,140 in deposits (collected bank balances). These deposits were secured from risk by \$250,000 of federal deposit insurance and \$8,091,803 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the library that the fiscal agent has failed to pay deposited funds upon demand.

ST. JOHN THE BAPTIST PARISH LIBRARY

LaPlace, Louisiana

Notes to the Financial Statements

December 31, 2017

NOTE D – CAPITAL ASSETS

The capital assets used in the governmental-type activities are included on the Statement of Net Position of the library and are capitalized at historical cost. Depreciation of all exhaustible capital assets used by the library is charged as an expense against operations. Capital assets are reported net of accumulated depreciation on the Statement of Net Position. Depreciation expense for financial reporting purposes is computed using the straight-line method over the useful lives of the capital assets and is reported in the Statement of Activities.

A summary of changes in capital assets and accumulated depreciation during the year is listed as follows:

	<u>Balance</u> <u>12/31/16</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/17</u>
<u>Capital Assets (at Cost):</u>				
Library collection	\$3,576,264	\$282,266	\$251,990	\$3,606,540
Furniture & Equipment	1,294,265	84,675	33,700	1,345,240
Buildings	5,413,635	288,417	-	5,702,052
Land	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>40,000</u>
Total	<u>\$10,324,164</u>	<u>\$655,358</u>	<u>\$285,690</u>	<u>\$10,693,832</u>
 <u>Less: Accumulated Depreciation:</u>				
Library collection	\$2,866,423	\$334,578	\$251,990	\$2,949,011
Furniture & Equipment	1,048,911	91,096	33,700	1,106,307
Buildings	1,265,569	159,631	-	1,425,200
Land	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$5,180,903</u>	<u>\$585,305</u>	<u>\$285,690</u>	<u>\$5,480,518</u>

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
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December 31, 2017

NOTE E – PENSION PLAN/GASB 68

The library's employees are members of the Parochial Employees Retirement System of Louisiana (System), a cost sharing, multiple-employer, defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and separate benefit provisions. The library's employees are members of Plan A.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Parochial Employees Retirement System of Louisiana and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the Fund. 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.

Plan Description: The System was established and provided for by R.S.11:1901-2025 of the Louisiana Revised Statutes (LRS). The System provides retirement benefits to employees of taxing districts of a parish or any branch or section of a parish within the State which does not have their own retirement system and which elects to become members of the System.

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, justice of the peace, and parish presidents may no longer join the system.

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.

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LaPlace, Louisiana
Notes to the Financial Statements
December 31, 2017

NOTE E – PENSION PLAN/GASB 68 (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.

DROP benefits: Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the 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 who is eligible to retire may elect to participate in 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.

For individuals who become eligible to participate in DROP on or after January 1, 2004, all amounts which remains 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

ST. JOHN THE BAPTIST PARISH LIBRARY
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NOTE E – PENSION PLAN/GASB 68 (CONTINUED)

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, 2016, the actuarially determined contribution rate was 10.52% of member's compensation for Plan A. However, the actual rate for the year ended December 31, 2016, was 13.0% for Plan A.

According to state statute, the System also receives one-fourth of one percent of ad valorem taxes collected within 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

ST. JOHN THE BAPTIST PARISH LIBRARY

LaPlace, Louisiana

Notes to the Financial Statements

December 31, 2017

NOTE E – PENSION PLAN/GASB 68 (CONTINUED)

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.

Non-employer contributions are recognized as revenue in the amount of \$12,781, and excluded from pension expense for the year ended December 31, 2016.

Employer allocations: The schedule of employer allocations reports the required projected employer contributions, in addition to the employer allocation percentage. The required projected employer contributions are used to determine the proportionate relationship of each employer to all employers of the System.

The employer's proportion was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The allocation percentages were used in calculating each employer's proportionate share of pension amounts. The allocation method used in determining each employer's proportion was based on the employer's contributions to the plan during the fiscal year ended December 31, 2016, as compared to the total of all employers' contributions received by the plan during the fiscal year ended December 31, 2016.

Pension liabilities, pension expense, deferred outflows of resources, and deferred inflows of resources related to pensions: At December 31, 2017, the library reported a liability of \$356,343 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of December 31, 2016, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The library's proportion of the Net Pension Liability was based on a projection of the library's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2016, the library's proportion was 0.173023%.

For the year ended December 31, 2017, the library recognized pension expense of \$211,906.

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 LaPlace, Louisiana
 Notes to the Financial Statements
 December 31, 2017

NOTE E – PENSION PLAN/GASB 68 (CONTINUED)

At December 31, 2017, the library reported deferred outflows of resources and deferred inflows of resource related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	-	\$62,357
Net difference between projected and actual earnings on pension plan investments	\$276,536	-
Changes in assumptions	67,654	-
Change in proportion and differences between employer contributions and proportionate share of contributions	<u>977</u>	<u>757</u>
	<u>\$345,167</u>	<u>\$63,114</u>

Deferred outflows of resources of \$345,167 will be recognized as a reduction of the Net Pension Liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ended</u>	
2017	\$104,977
2018	111,980
2019	72,567
2020	<u>(7,471)</u>
Total	<u>\$282,053</u>

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Notes to the Financial Statements
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NOTE E – PENSION PLAN/GASB 68 (CONTINUED)

Contributions – proportionate share: Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense/(benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of employer amounts due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

Actuarial assumptions: The net pension liability 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.

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2004 through December 31, 2009. The data was then assigned credibility weighting and combined with a standards 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.

Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

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

Valuation Date: December 31, 2016

Actuarial Cost Method: Plan A – Entry Age Normal

Investment Rate of Return: 7.00% (Net of investment expense)

Expected Remaining Service Lives: 4 years

Projected Salary Increases: Plan A – 5.25% (2.75% Merit/2.50% Inflation)

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LaPlace, Louisiana

Notes to the Financial Statements

December 31, 2017

NOTE E – PENSION PLAN/GASB 68 (CONTINUED)

Cost of Living Adjustments: The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees.

Mortality: RP-2000 Employee Sex Distinct Table was selected for active members. RP-2000 Healthy Annuitant Sex Distinct Table was selected for healthy annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.

Discount rate: The discount rate used to measure the total pension liability was 7.00% for Plan A. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contributions rates and contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the employer's proportionate share of the net pension liability to changes in the discount rate: The following presents in the discount rate: The following presents the net pension liability of the participating employers calculated using the discount rate of 7.00%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	<u>Changes in Discount Rate</u>		
	1.00% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1.00% Increase <u>8.00%</u>
Employer's proportionate share of the net pension liability	\$1,056,965	\$356,343	\$(243,664)

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Notes to the Financial Statements
December 31, 2017

NOTE E – PENSION PLAN/GASB 68 (CONTINUED)

Change in net pension liability: The changes in the net pension liability for the year ended December 31, 2016 were recognized in the current reporting period except as follows:

- a. **Differences between expected and actual experience:** Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual resulted in a deferred inflow of resources in the amount of \$62,357.
- b. **Differences between projected and actual investment earnings:** Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in a deferred outflow of resources in the amount of \$276,536.
- c. **Changes in assumptions:** The changes of assumptions about future economic or demographic factors were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The changes in assumptions resulted in deferred outflow of resources in the amount of \$67,654.
- d. **Change in proportion:** Changes in the employer's proportionate shares of the collective net pension liability and collected deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense/(benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. The change in proportion resulted in deferred outflow of resources in the amount of \$977, and deferred inflow of resources in the amount of \$757.

ST. JOHN THE BAPTIST PARISH LIBRARY

LaPlace, Louisiana

Notes to the Financial Statements

December 31, 2017

NOTE F – LONG-TERM LIABILITIES

Accrued Annual Leave

At December 31, 2017, employees of the library have accumulated and vested amounts of employee annual leave benefits, which are computed in accordance with GASB Codification Section C60. The amount is recorded in the Statement of Net Position as a long-term liability, and the calculation is based on the number of hours each employee has earned and credited to their benefit times their individual hourly rate at the end of the year.

The following is a summary of the changes in accrued annual leave during the year:

Accrued annual leave payable at December 31, 2016	\$46,628
2017 Additions	52,057
2017 Deductions	<u>(74,234)</u>
Accrued annual leave payable at December 31, 2017	<u>\$24,451</u>

Other Postemployment Benefit Obligations (OPEB)

Plan Description: The library administers and contributes to a single-employer defined benefit health, dental and life insurance plan for retirees and active employees, as authorized by the library Board. The plan provides lifetime health and dental insurance for retirees, their spouses and dependents, and life insurance benefits for employees that retire at age 55 or older or have 30 years of service at any age. The library uses the same private insurance provider/carrier as the parish. No financial statements are available for the library's insurance plan.

The library implements Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. By adopting the requirements of GASB Statement No. 45, the library recognizes the cost of postemployment benefits in the year when employee services are rendered, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the library's future cash flows. Because the library has adopted the requirements of GASB Statement No. 45 prospectively, recognition of the liability accumulated from prior years is being phased in over 30 years, commencing with the 2009 liability.

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LaPlace, Louisiana

Notes to the Financial Statements

December 31, 2017

NOTE F – LONG-TERM LIABILITIES (CONTINUED)

Funding Policy: The library contributes 100% of the costs of the current year's health, dental and life insurance premiums for eligible retired employees. The library finances its plan from current available funds on a pay-as-you-go basis and records as that expense in the current financial statements, therefore no funds are reserved for payment of future health insurance premiums.

Annual OPEB Cost and Net OPEB Obligation: The library's annual other postemployment benefit (OPEB) is calculated based on the annual required contributions (ARC). The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years, the maximum amortization period allowed by GASB Statement No. 45 has been used for the post-employment benefits.

The actuarial computed ARC is as follows:

	<u>2017</u>	<u>2016</u>
Normal cost	\$93,201	\$89,617
30-year UAL amortization amount	<u>188,467</u>	<u>181,218</u>
Annual required contribution (ARC)	<u>\$281,668</u>	<u>\$270,835</u>

The following table shows the components of the library's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the library's net OPEB obligation to the plan:

	<u>2017</u>	<u>2016</u>
Annual required contribution (ARC)	\$281,668	\$270,835
Interest on the net OPEB obligation	44,053	42,210
Adjustments to Annual Required Contribution	<u>(63,690)</u>	<u>(61,025)</u>
Annual OPEB cost	262,031	252,020
Contributions made	<u>(222,416)</u>	<u>(205,941)</u>
Increase in Net OPEB Obligation	39,615	46,079
Beginning Net OPEB Obligation	<u>1,101,323</u>	<u>1,055,244</u>
Ending Net OPEB Obligation	<u>\$1,140,938</u>	<u>\$1,101,323</u>

ST. JOHN THE BAPTIST PARISH LIBRARY
 LaPlace, Louisiana
 Notes to the Financial Statements
 December 31, 2017

NOTE F – LONG-TERM LIABILITIES (CONTINUED)

The library's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation are as follows:

<u>Fiscal</u> <u>Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB</u> <u>Cost</u>	<u>% of</u> <u>Annual</u> <u>Cost</u> <u>Contrib.</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
12/31/15	\$242,527	79%	\$1,055,244
12/31/16	\$252,020	82%	\$1,101,323
12/31/17	\$262,031	85%	\$1,140,938

Funded Status and Funding Progress: As of December 31, 2017 and 2016, the actuarial accrued liability for benefits was \$3,389,270, and \$3,258,914, respectively. All of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$967,839 and \$1,011,084 for the years 2017 and 2016, respectively. The ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll was 350.19% and 322.32% for the years 2017 and 2016, respectively. See the Schedule of Funding Progress for yearly comparisons later in this audit report.

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of a plan and the employer's annual required contributions are subject to continued revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial Cost Method – The ARC was determined using the Projected Unit Credit Cost Method. The employer portion for the cost of retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
Notes to the Financial Statements
December 31, 2017

NOTE F – LONG-TERM LIABILITIES (CONTINUED)

pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality and turnover.

Actuarial Value of Plan Assets – There are no plan assets. It is anticipated, that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45.

Turnover Rate – An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 5%.

Post-employment Benefit Plan Eligibility Requirements – Based on past experience, it has been assumed that entitlement to benefits will commence five years after eligibility to enter the D.R.O.P. The five years represents the three years in the D.R.O.P. plus two additional years. Medical benefits are provided to employees upon actual retirement.

Investment Return Assumption (Discount Rate) – GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan that is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

Healthcare Cost Trend Rate – The expected rate of increase in healthcare insurance premiums is based on graded schedule beginning with 8% annually, reduced down to an ultimate rate of 5% after ten years and later.

Mortality Rate – The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% for the unloaded female mortality rates, is used. This is recently used mortality table. Projected future mortality improvement has not been used since it is our opinion that this table contains sufficiently conservative margin for the population involved in this valuation.

Method of Determining Value of Benefits – The “value of benefits” has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays 100% of the cost of the medical insurance for the retirees and their dependents, but it is based on the blended

ST. JOHN THE BAPTIST PARISH LIBRARY
 LaPlace, Louisiana
 Notes to the Financial Statements
 December 31, 2017

NOTE F – LONG-TERM LIABILITIES (CONTINUED)

active/retired rate prior to age 65. Since GASB 45 requires that unblended rates be used, we have estimated the unblended retiree rate before 65 to be 130% of the blended rate.

Inflation Rate – Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit assumption of 2.50% annually.

Projected Salary Increases – This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

Post-retirement Benefit Increases – The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

NOTE G – LEASES AND COMMITMENTS

The library has entered into separate operating lease agreements for 5 copy machines for the main library and its branch locations.

Total annual remaining minimum lease commitments for all (office and copiers) operating leases are as follows:

Year ending December 31:

2018	\$10,754
2019	3,580
2020	3,580
2021	<u>1,790</u>
Total	<u>\$19,704</u>

The library has no other capital or operating leases at December 31, 2017.

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
Notes to the Financial Statements
December 31, 2017

NOTE H – ENDOWMENT (RESTRICTED ASSET)

On August 19, 1976, the library received an endowment of \$5,000 in memory of Dr. John Smyth. In accordance with the endowment agreement, this money is invested in an interest-bearing account. The interest earnings from this investment are used to purchase books for the library.

NOTE I – LITIGATION

An employee of the library is a defendant in one lawsuit outstanding at December 31, 2017. According to the library's attorney, it is not possible at this point to determine the probability, if any, of a unfavorable outcome against the library. Therefore, no provision for any potential liability has been set up in the accompanying financial statements.

NOTE J – RISK MANAGEMENT

The library is exposed to risks of loss in the areas of general and auto liability and workers' compensation. Those risks are handled by purchasing commercial insurance. There have been no significant reductions in insurance coverage during the current year, nor have there been any settlements which have exceeded the insurance coverage maintained for the past three years.

NOTE K – SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 25, 2018, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION (RSI)

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
Required Supplementary Information
Budgetary Comparison Schedule
Statement of Receipts, Disbursements and Changes in
Cash Balance – Budget (Cash Basis) and Actual
General Fund
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
				<u>Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<u>RECEIPTS</u>				
Ad valorem taxes	\$4,026,400	\$4,170,500	\$4,219,795	\$49,295
State revenue sharing	77,000	89,000	88,817	(183)
Fees, fines & charges for library services	42,500	47,500	48,313	813
Interest earnings	4,200	4,206	4,629	423
Other revenue	<u>13,236</u>	<u>14,425</u>	<u>2,252</u>	<u>(12,173)</u>
Total Receipts	<u>4,163,336</u>	<u>4,325,631</u>	<u>4,363,806</u>	<u>38,175</u>
<u>DISBURSEMENTS</u>				
Salaries, related benefits and payroll taxes	2,664,300	2,102,200	2,038,034	64,166
Operating services	670,710	460,500	461,166	(666)
Material and supplies	103,000	88,200	89,967	(1,767)
Travel and other charges	24,000	7,000	5,637	1,363
Capital outlay	765,100	514,800	428,008	86,792
Intergovernmental	<u>182,000</u>	<u>172,172</u>	<u>172,172</u>	<u>-</u>
Total Expenditures	<u>4,409,110</u>	<u>3,344,872</u>	<u>3,194,984</u>	<u>149,888</u>
Excess (Deficiency) of Receipts over Disbursements	<u>(245,774)</u>	<u>980,759</u>	<u>1,168,822</u>	<u>188,063</u>

(Continued)

The accompanying notes are an integral part of this statement.

ST. JOHN THE BAPTIST PARISH LIBRARY
 LaPlace, Louisiana
 Required Supplementary Information
 Budgetary Comparison Schedule
 Statement of Receipts, Disbursements and Changes in
 Cash Balance – Budget (Cash Basis) and Actual
 General Fund
 (Continued)
 For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES (USES)				
Transfer in from Edgard Library Expansion	-	-	\$338,543	\$338,543
Transfer out to Edgard Library Expansion	\$(600,000)	\$(500,000)	(500,000)	-
Total Other Sources (Uses)	<u>(600,000)</u>	<u>(500,000)</u>	<u>(161,457)</u>	<u>338,543</u>
Excess (Deficiency) of Receipts over Disbursements and Other Financing Uses	(845,774)	480,759	1,007,365	526,606
Cash, Balance at Beginning of Year	<u>6,285,014</u>	<u>7,143,699</u>	<u>7,151,861</u>	<u>8,162</u>
Cash, Balance at End of Year	<u>\$5,439,240</u>	<u>\$7,624,458</u>	<u>\$8,159,226</u>	<u>\$534,768</u>

The accompanying notes are an integral part of this statement.

ST. JOHN THE BAPTIST PARISH LIBRARY
 LaPlace, Louisiana
 Required Supplementary Information
 Budgetary Comparison Schedule
 Statement of Receipts, Disbursements and Changes in
 Cash Balance – Budget (Cash Basis) and Actual
 Edgard Library Expansion
 For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
				<u>Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<u>RECEIPTS</u>				
Interest earnings	<u>\$100</u>	<u>\$117</u>	<u>\$135</u>	<u>\$18</u>
Total Receipts	<u>100</u>	<u>117</u>	<u>135</u>	<u>18</u>
<u>DISBURSEMENTS</u>				
Operating services	800	19,960	19,967	(7)
Capital outlay	<u>410,000</u>	<u>444,575</u>	<u>444,575</u>	<u>-</u>
Total Expenditures	<u>410,800</u>	<u>464,535</u>	<u>464,542</u>	<u>(7)</u>
Excess (Deficiency) of Receipts over Disbursements	<u>(410,700)</u>	<u>(464,417)</u>	<u>(464,406)</u>	<u>11</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer in from General Fund	600,000	500,000	500,000	-
Transfer out to General Fund	<u>-</u>	<u>(338,532)</u>	<u>(338,543)</u>	<u>(11)</u>
Total Other Sources (Uses)	<u>600,000</u>	<u>161,468</u>	<u>161,457</u>	<u>(11)</u>
Excess (Deficiency) of Receipts over Disbursements and Other Financing Uses	189,300	(302,949)	(302,949)	-
Cash, Balance at Beginning of Year	<u>302,949</u>	<u>302,949</u>	<u>302,949</u>	<u>-</u>
Cash, Balance at End of Year	<u>\$492,249</u>	-	-	-

The accompanying notes are an integral part of this statement.

ST. JOHN THE BAPTIST PARISH LIBRARY
 LaPlace, Louisiana
 Required Supplementary Information
 Schedule of Funding Progress -
 Retirees Health, Dental and Life Insurance Plan - OPEB
 For the Year Ended December 31, 2017

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
12/31/15	0	\$3,133,571	\$3,133,571	0%	\$1,055,725	297%
12/31/16	0	\$3,258,914	\$3,258,914	0%	\$1,011,084	322%
12/31/17	0	\$3,389,270	\$3,389,270	0%	\$967,839	350%

ST. JOHN THE BAPTIST PARISH LIBRARY
 LaPlace, Louisiana
 Required Supplementary Information (Continued)
 Schedule of Employer's Share of Net Pension Liability
 For the Year Ended December 31, 2017

<u>Year Ended Dec 31,</u>	<u>Employer Proportion of the Net Pension Liability (Asset)</u>	<u>Employer proportionate Share of the Net Pension Liability (Asset)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2015	.20245%	\$55,352	\$1,102,283	5.02%	99.15%
2016	.19121%	\$503,317	\$1,026,123	4.91%	92.23%
2017	.19121%	\$356,343	\$930,736	3.83%	94.15%

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

ST. JOHN THE BAPTIST PARISH LIBRARY
 LaPlace, Louisiana
 Required Supplementary Information (Continued)
 Schedule of Employer Contributions
 For the Year Ended December 31, 2017

Year Ended <u>Dec. 31,</u>	<u>Contractually Required Contribution</u>	Contributions in Relation to <u>Contractual Required Contribution</u>	Contribution Deficiency <u>(Excess)</u>	Employer Covered Employee <u>Payroll</u>	Contributions as % of Covered Employee <u>Payroll</u>
2015	\$159,831	\$159,831	-	\$1,102,283	14.5%
2016	\$133,396	\$133,396	-	\$1,026,123	13.0%
2017	\$116,342	\$116,342	-	\$930,736	12.5%

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

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
Notes to the Required Supplementary Information
For the Year Ended December 31, 2017

(1) **Budgets**

The library adopted a budget as required by Louisiana Revised Statute 39:1301-1316, for the year ending December 31, 2017.

(2) **Pension Plan**

Changes of Assumptions – Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

ST. JOHN THE BAPTIST PARISH LIBRARY
 LaPlace, Louisiana
 Schedule of Compensation, Benefits and
 Other Payments to Agency Heads
 For the Year Ended December 31, 2017

All members of the St. John the Baptist Parish Library Board are considered “agency heads” as noted in Act 706 of the 2014 Regular Louisiana Legislative Session.

The only payment the Board Members receive is \$50 for each meeting they attend. Below are the totals for each Member for this audit period.

<u>Agency Head's Name</u>	<u>Per Diem</u>	<u>Dues</u>	<u>Meals Reimbursed</u>
Norris J. Millet	\$ 450	\$ 45	-
Dardnella M. Clark	450	45	-
Leatrice Arlie	400	45	-
Brannetter G. James	400	45	-
Lisa T. Wilder	400	45	-
Maria V. Coy	100	-	-
Virgie Johnson	<u>-</u>	<u>45</u>	-
	<u>\$2,200</u>	<u>\$270</u>	-

INTERNAL CONTROL COMPLIANCE AND OTHER MATTERS

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**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***

St. John the Baptist Parish Library
A Component Unite of the St. John the Baptist Parish Council
LaPlace, Louisiana

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the St. John the Baptist Parish Library, a component unit of the St. John the Baptist Parish Council, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the St. John the Baptist Parish Library's basic financial statements and have issued my report thereon dated June 25, 2018.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the St. John the Baptist Parish Library's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the St. John the Baptist Parish Library's internal control. Accordingly, I do not express an opinion on the effectiveness of the St. John the Baptist Parish Library's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Current and Prior Year Audit Findings and Managements Corrective Action Plan, I identified a certain deficiency in the internal control over financial reporting that I consider to be a material weakness and significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a

deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiency described in the accompanying Schedule of Current and Prior Year Audit Findings and Managements Corrective Action Plan to be a material weakness (Finding No. 1 and 2).

A significant deficiency is a deficiency or 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. I considered the significant deficiency described in the accompanying Schedule of Current and Prior Year Audit Findings and Managements Corrective Action Plan to be a significant deficiency (Findings No. 1 and 2).

Compliance and Other Matters

As a part of obtaining reasonable assurance about whether the St. John the Baptist Parish Library's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Current and Prior Year Audit Findings and Managements Corrective Action Plan (Finding No. 3).

The St. John the Baptist Parish Library's responses to the finding identified in our audit is described in the accompanying Schedule of Current and Prior Year Audit Findings and Managements Corrective Action Plan. The library's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



Keith J. Rovira
Certified Public Accountant
Metairie, Louisiana

June 25, 2018

ST. JOHN THE BAPTIST PARISH LIBRARY
 LaPlace, Louisiana
 Schedule of Current and Prior Year Audit Findings and
 Managements Corrective Action Plan
 For the Year Ended December 31, 2017

I have audited the accompanying basic financial statements of the St. John the Baptist Parish Library, a component unit of the St. John the Baptist Parish Council, as of and for the year ended December 31, 2017, and have issued my report thereon dated June 25, 2018. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of December 31, 2017, resulted in an unmodified opinion.

I. Current Year Audit Findings:

INTERNAL CONTROL OVER FINANCIAL REPORTING

Finding No. 1 - Policies and Procedures Manual:

Auditor's Recommendations:

The library needs to perform a complete overhaul of its Policies and Procedures Manual. It is outdated in some areas and not explanatory enough in others. This will help strengthen the library's internal accounting controls, and reduce the possibility of misinterpretation of the rules. The Policies and Procedures Manual should cover all of the library's financial, personnel, and administrative areas.

When a question or issue arises that requires any employee to refer to the Manual, and there is no policy in the Manual that answers or gives guidance on the issue, then the question/issue should be brought to Library Board of Control for resolution.

Noncompliance with the library's Policies and Procedures should require disciplinary action as determined on a case by case basis.

Management's Corrective Action Plan:

WHEREAS, the Library Policies and Procedures are out dated in some areas and not explanatory in others. Some amendments have been made over the years, but there is still more the need to be corrected in the Administrative, Personnel, and Financial areas.

NOW, THEREFORE BE IT RESOLVED, that a five member Policies and Procedures Committee have been appointed and will present their draft to the Board for adoption at its next regular Board meeting. Noncompliance with the Policies and Procedures will require disciplinary actions, and employees will not be disciplined for matters that are not in the Policies and Procedures Manual.

NOW, I Virgie Jarrow-Johnson, President in agreement with Brannetter G. James, Treasure for St. John the Baptist Parish Library Board of Control, hereby attest to the best of our knowledge the answers to be accurate and truthful.

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
Schedule of Current and Prior Year Audit Findings and
Managements Corrective Action Plan (Continued)
For the Year Ended December 31, 2017

Finding No. 2 - Inadequate Segregation of Accounting Functions:

Due to the small number of employees in accounting department, the library did not have adequate segregation of duties and functions with the accounting system.

Management's Corrective Action Plan:

The library has determined that it is not cost effective to achieve complete segregation of duties and functions within the accounting department. No plan is considered necessary at this time.

COMPLIANCE

**Finding No. 3 - Two Retirement Parties and Gifts
(Potential Violations of Article 7, Section 14(A) of the Louisiana Constitution
of 1974):**

(1) On Friday, September 1, 2017, the library hosted a retirement party for an employee who had 30 years of service with the library. The library spent \$1,569 on food and a retirement cake for the party. Also, the library purchased a retirement gift for the employee totaling \$109 for the employee. No reimbursements were received to defray the monies spent.

Furthermore, the Reserve, West and Garyville branches were closed at 12:30 p.m. on that day so those employees could attend the party. Employees were notified that if they decided not to attend the party, they would have to use their leave time. The Central Library branch remained open for its regular hours.

(2) On Tuesday, September 26, 2017, there was a second retirement party for an employee who also had 30 years of service with the library. The library spent \$685 on food, a retirement cake and small miscellaneous items for the party. Neither Central Library, nor any of the three branches were closed on that day for the party.

Article 7, Section 14(A) of the Louisiana Constitution of 1974, states that "... the funds, credit, property, or thing of value of the state or any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private."

Auditor's Recommendations:

The library's management should question, and seek answers from their legal counsel, for any and all expenditure transactions that are questionable as to the use of public funds.

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
Schedule of Current and Prior Year Audit Findings and
Managements Corrective Action Plan (Continued)
For the Year Ended December 31, 2017

Also, all members of management should be aware of and use the Louisiana Attorney General's 3-point test for help in determining whether the use of a public entity's funds is permissible under Article 7, Section 14(A) of the Louisiana Constitution of 1974. The public entity must have the legal authority to make the expenditure and must show:

- i. a public purpose for the expenditure or transfer that comports with the governmental purpose for which the public entity has legal authority to pursue;
- ii. that the expenditure or transfer, taken as a whole, does not appear to be gratuitous;
- iii. that the public entity has a demonstrable, objective, and reasonable expectation of receiving at least equivalent value in exchange for the expenditure or transfer of public funds.

Management's Corrective Action Plan:

WHEREAS, on Friday, September 1, 2017, an employee with 29 years of services retired, who also served as the Assistant Director for a short time. As in the past, following previous precedence when long time employees retired the Library presented farewell programs complete with speakers, refreshments and invitations extended to the public. The Friends of the Library also make monetary contributions, in which \$150 was given towards items for the program.

WHEREAS, on September 1, 2017, the West and Garyville Branches closed 12:30-5:30p.m., the afternoon hours in order to facilitate the size of the program by reporting to the Reserve Branch, which was opened to the public as well as the LaPlace Branch for services. All employees were informed if they did not report to their designated assignment for the day, they would have to use their leave time, as by law you can only get paid for the hours you work.

WHEREAS, on September 26, 2017, a second employee retired after 30 years of service. The same type program was extended, which was held at a later time. The Reserve, Edgard and Garyville Branches were closed because it exceeded the operational hours.

NO THEREFORE, BE IT RESOLVED, that the Library will no longer depend on donations from Friends of the Library for these type Adult Programs. Members of the Library's Administration and Staff will provide their personal donations to a kitty for this type program, or pot luck the programs by providing the refreshments.

Management Letter:

No management letter was issued for the current year.

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
Schedule of Current and Prior Year Audit Findings and
Managements Corrective Action Plan (Continued)
For the Year Ended December 31, 2017

II. Prior Year Audit Findings:

INTERNAL CONTROL OVER FINANCIAL REPORTING

Finding No. 4 - Inadequate Segregation of Accounting Functions:

Due to the small number of employees in accounting department, the library did not have adequate segregation of duties and functions with the accounting system.

Management's Corrective Action Plan:

The library has determined that it is not cost effective to achieve complete segregation of duties and functions within the accounting department. No plan is considered necessary at this time.

COMPLIANCE

There were no findings on compliance that were required to be reported in the prior year.

Management Letter:

No management letter was issued for the prior year.

ST. JOHN THE BAPTIST PARISH LIBRARY

Statewide Agreed-Upon Procedures Report

As of and for the Year Ended

December 31, 2017

KEITH J. ROVIRA
Certified Public Accountant

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**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Board of Control
St. John the Baptist Parish Library
LaPlace, Louisiana

I have performed the procedures enumerated below, which were agreed to by the management of the St. John the Baptist Parish Library (Library) and the Louisiana Legislative Auditor on the control and compliance areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures for the fiscal year ended December 31, 2017. The Library's management is responsible for those control and compliance areas identified in the Statewide Agreed-Upon Procedures.

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, I 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.

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget;
 - 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

- c) 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;
- d) *Disbursements*, including processing, reviewing, and approving;
- e) *Receipts*, including receiving, recording, and preparing deposits;
- f) *Payroll/Personnel*, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked;
- g) *Contracting*, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process;
- h) *Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)*, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage;
- i) *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers;
- j) *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) Library to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits;
- k) *Debt Service*, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

I received the Library's written Policies and Procedures pertaining to the above categories and they address the functions noted above; however, these Policies and Procedures need to be reviewed, corrected and updated where necessary. The Board has appointed a five member Policies and Procedures Committee have been appointed that is in charge of reviewing, correcting and updating, where necessary, the existing Policies and Procedures Manual.

Board of Control

- 2. Obtain and review the Library's Board of Control's minutes for the fiscal period, and:
 - a) Report whether the managing Board met (with a quorum) at least monthly, or on a frequency in accordance with the Board's enabling legislation, charter, or other equivalent document.
No exceptions were noted.
 - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a
- formal/written plan, report whether the meeting minutes for at least one Board meeting during the fiscal period reflect that the Board is monitoring the plan.

No exceptions were noted.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

No exceptions were noted.

Bank Reconciliations

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

Obtained listing of all bank accounts and management's representation that the listing is complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Obtained bank statements and bank reconciliations for all twelve months in the fiscal year. Bank reconciliations were prepared for all twelve months.

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

Obtained bank statements and reconciliations for all twelve months in the fiscal year and all bank reconciliations have been reviewed by the business manager. All bank reconciliations are prepared by the outside CPA.

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

No exceptions were noted.

Collections

5. Obtain a listing of cash/check/money order (hereinafter referred to as “cash”) collection locations and management’s representation that the listing is complete.

Obtained listing of cash collection locations and management’s representation that the listing is complete.

6. Using the listing provided by management, select all of the entity’s cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. **For each cash collection location selected:**

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

(1) Written documentation was obtained. All employees who collect and handle cash are bonded.

(2) No exceptions were noted. The Library has an outside CPA that reconciles the bank statement.

(3) Office employees that are responsible for collecting cash at the three Library branches do not share the same register or drawer with another employee.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

Written documentation was obtained and it addresses the functions noted above. No exceptions were noted.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

There was 1 deposit that took 2 days from receipt to deposit; 1 deposit that took 3 days from receipt to deposit; 1 deposit that took 4 days from receipt to deposit; 9 deposits that took 2 days from receipt to deposit; and, 2 deposits that took 7 days

from receipt to deposit. After discussing this with Management, there is now a procedure in effect that reduces the number of days from receipt to deposit.

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

No exceptions were noted.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

Written policies and procedures were obtained and address the functions noted above.

- **Recommendation:** *Currently the St. John the Baptist Parish Sheriff's physically mails the Library checks for the Library's portion of ad valorem tax revenue and state revenue sharing. The Library should ask the St. John the Baptist Parish Sheriff's office to electronically wire transfer all payments directly to the Library's main operating bank account. This would help strengthen the internal accounting controls of the Library.*

Management agrees with this recommendation, and is currently working on accomplishing this task.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Obtained a listing of disbursements and management's representation stating that the listing is complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

The Library uses a purchase order system for various purchase, such as for I.T./ computer equipment, office supplies, and other nonrecurring purchases by Library employees. No exceptions were noted.

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

No exceptions were noted.

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

Examined supporting documentation for each of the 25 disbursements selected and found that all payments were processed with an approved invoice. No other exceptions were noted.

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

Written policies and procedures were obtained; however, current Library policy does not prohibit the person responsible for processing payments from adding vendors to its computerized accounting system.

This current policy should be revised to prohibit the person responsible for processing payments from adding vendors to its computerized accounting system. Possibly the outside CPA, who already works on the computerized accounting system, could add and maintain the vendor list.

Management will be working on correcting this exception.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Written policies and procedures were obtained and address the functions noted above; however, the Library Director has signatory authority and can also initiate purchases, but does not record any purchases. In addition, all payments of disbursements require dual electronic signatures. These two electronic signatures are kept on the Business Manager's computer, which is secured by user name and password. According to the Business Manager, this user name and password are known only by the Business Manager and the I.T. Technician.

Management will be working on correcting this exception.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Written policies and procedures were obtained and address the functions noted above. The persons with signatory authority do not have access to blank check stock, nor to print checks. Only the Business Manager prints checks. No exceptions were noted.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

No exceptions were noted.

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

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

The Library has 7 (seven) credit cards. 3 were selected for testing below.

15. Using the listing prepared by management, randomly select 3 cards, which make up at least one-third of the 7 cards the Library has and were also used during the year under examination. Cards selected should be rotated each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized 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.]]

Monthly statements were obtained and address the functions noted above for the 3 cards selected.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.
No finance charges or late fees were assessed during the fiscal year.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 3 cards selected (i.e. each of the 3 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:
- An original itemized receipt (i.e., identifies precisely what was purchased)
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

No exceptions were noted.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

No exceptions were noted.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions were noted.

Travel and Expense Reimbursement

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

Obtained a listing of travel and expense reimbursements by person, and received management's representation that the list was complete.

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

No exceptions were noted.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

No exceptions were noted.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

No exceptions were noted.

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

No exceptions were noted.

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

No exceptions were noted.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions were noted.

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

No exceptions were noted.

Contracts

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

Obtained a listing of all contracts in effect and received management's representation that the listing was complete.

21. Using the listing above, select the five (5) contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

There are formal written contracts supporting service arrangements. No exceptions were noted.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).

No noncompliance was noted.

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

Management did not solicit quotes for the service contracts.

Management believes that following the applicable laws and regulations of the State of Louisiana, which do not require the solicitation of quotes/bids for service contracts, is its best practice.

No noncompliance was noted.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

No contracts were amended.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

No exceptions were noted.

- e) Obtain/review contract documentation and Board minutes and report whether there is documentation of Board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Obtained and reviewed contract documentation of Board approval. The Board formally approves all contracts. No exceptions were noted.

Payroll and Personnel

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

Obtained a list of employees with their related salaries and management's representation that the list was complete.

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

No exceptions were noted.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

No exceptions were noted.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

Obtained and selected attendance and leave records of the Library's employees, and received management's representation that the list was complete.

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

No exceptions were noted.

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

No exceptions were noted.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

No exceptions were noted.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the

fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Obtained a list of employees that terminated during the fiscal year, and management's representation that the list was complete. Selected the two largest termination/retirement payments that were made. These payments were made strictly in accordance with the policies of the Library, and were approved by management. No exceptions were noted.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

No exceptions were noted.

Ethics (excluding nonprofits)

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

No exceptions were noted.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Management has asserted that they have not received any reports of allegations of ethical violations during the fiscal period.

Debt Service (excluding nonprofits)

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

The Library did not issue any debt during the fiscal period; therefore, this item is not applicable.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

No outstanding debt existed during the fiscal period; therefore, this item is not applicable.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Not applicable.

Other

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

Management has represented that the Library did not have any misappropriations of public funds or assets.

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

No exceptions were noted.

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

Please refer to pages 56 and 57 in St. John the Baptist Parish Library's annual audit report for the year ended December 31, 2017, and "Finding No. 3 - Two Retirement Parties and Gifts (Potential Violations of Article 7, Section 14(A) of the Louisiana Constitution of 1974)", and Management's Response.

I was not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions and representations. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that I would have reported to you.

This report is intended solely for the use of management and the Louisiana Legislative Auditor, State of Louisiana, 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. Accordingly, this report is not suitable for any other use. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

A handwritten signature in black ink that reads "Keith J. Rovira". The signature is written in a cursive style with a large, prominent initial "K".

Keith J. Rovira
Certified Public Accountant
Metairie, Louisiana

June 25, 2018