
AUDUBON REGIONAL LIBRARY
ANNUAL FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
YEAR ENDED DECEMBER 31, 2018

AUDUBON REGIONAL LIBRARY
 ANNUAL FINANCIAL STATEMENTS
 AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2018
 TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report on Financial Statements	1-2
Management's Discussion and Analysis	3-8
 <u>Basic Financial Statements</u>	
<u>Government Wide Financial Statements</u>	
Statement of Net Position	9
Statement of Activities	10
 <u>Fund Financial Statements</u>	
Balance Sheet - Government Funds	11
Reconciliation of the Balance Sheet-Governmental Funds To the Statement of Net Position	12
Statement of Revenues, Expenditures, and Changes in Fund Balance-Governmental Funds	13-14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds to the Statement of Activities	15
Notes to Financial Statements	16-31
Statement of Special Revenue Funds	32-34
 <u>Required Supplemental Information</u>	
Budgetary Comparison Schedule - General Fund	35-36
Schedule of Employer's Share of Net Pension Liability	37-38
Schedule of Compensation, Benefits & Other Payments to Agency Head	39
 <u>Supplemental Information</u>	
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	40-41
Schedule of Audit Findings	42-43
Statewide Agreed Upon Procedures	44-54

MC DUFFIE K. HERROD, LTD.

(A Professional Accounting Corporation)

McDUFFIE K. HERROD

CERTIFIED PUBLIC ACCOUNTANT

Member

American Institute of CPAs

Society of Louisiana CPAs

POST OFFICE BOX 8436

12410 WOODVILLE ST

CLINTON, LA 70722

Telephone (225) 683-3888

Facsimile (225) 683-6733

Email mkherrod@bellsouth.net

Independent Auditor's Report

Board of Commissioners
Audubon Regional Library
Clinton, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Audubon Regional Library, as of December 31, 2018, and for the year then ended, and the related notes to the financial statements, which collectively comprise the Audubon Regional 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 the financial statements that are free from material misstatement, whether due to fraud or error

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position and major fund of the Audubon Regional Library as of December 31, 2018, and the respective

changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America

Other Matters

Required Supplementary Information

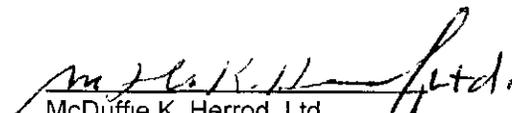
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 and the budgetary comparison information on pages 35 through 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Audubon Regional Library's official financial statements. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information 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. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, We have issued a report dated June 21, 2019, on our consideration of the Audubon Regional Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not 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 Audubon Regional Library's internal control over financial reporting and compliance.


McDuffie K. Herrod, Ltd
A Professional Accounting Corporation
June 21, 2019

MANAGEMENT DISCUSSION AND ANALYSIS

**AUDUBON REGIONAL LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2018**

As management of the Audubon Regional Library (here after referred to as the Library), we offer readers of the Library's financial statements this narrative overview and analysis of the financial activities of the Library for the year ended December 31, 2018. The emphasis of discussions about these statements will be on current year data and should be read in conjunction with the financial report as a whole.

FINANCIAL HIGHLIGHTS

- The Audubon Regional Library is a two-parish public library system that was organized in 1963. The rural parishes of East Feliciana and St. Helena share administration costs, mobile library services and library collections to provide enhanced library and information services to the 31,585 residents of the combined parish areas. The Library serves both parishes with a headquarters library located in Clinton and two branches in Jackson and Greensburg.
- The Library budget is advertised, subject to public review, approved by the Library Board of Commissioners in December of the previous year. Financial reports are reviewed and revised quarterly throughout the year. The Auditor reports to the Board at the conclusion of the audit and makes recommendations, as needed, for improvement.
- In 2018, the Library circulated 23,673 items and hosted 293 programs with 1,325 in attendance. The Library has increased its outreach programming to area Head Starts, schools, and senior centers to provide needed services within their communities.
- In 2018, the Library had 1,085 active borrowers, adding 585 during the year.
- The Library recorded 6,323 patrons using electronic resources and 25,550 patrons accessed wireless services. Our staff provided advice and support to help our patrons to find jobs, register for food stamps, file taxes, and keep up with unemployment. The staff answered 12,915 reference questions.
- The Library's single most pressing problem is space. Our Libraries have no storage, meeting room, or shelf space. Computer space is minimal, which limits the number of computers that are available for public use.
- In 2018, the Library staff was composed of 4 full time positions with benefits and 11 part time positions.

**AUDUBON REGIONAL LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2018**

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of four parts - management's discussion and analysis (this section), the basic financial statements, required supplementary information, and other supplemental information. The basic financial statements include two kinds of statements that present different views of the Library:

- The first two statements on pages 9 and 10 are government-wide financial statements that provide information about the activities of the Library as a whole and present a longer-term view of the Library's finances.
- The remaining statements starting on page 11 are fixed financial statements that focus on individual parts of the Library's government, reporting the Library's operations in more detail than the government-wide statements.
- The governmental funds statements tell how general government services, such as library services, were financed in the short term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide additional detailed data. The notes are followed by a section of required supplementary information that further explains and supports the information in the financial statements as well as providing budgetary comparison data. The last section of the report contains additional supplemental information regarding the governmental fund-general fund. The rest of this overview section of management's discussion and analysis explains the structure of contents of each of the statements.

Government-wide Statements

The government-wide statements report information about the Library as a whole using the accrual basis of accounting, which is similar to that which is used by private sector companies. The statement of net position on page 9 includes all of the Library's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statements of activities on page 10, regardless of when cash is received or paid.

These two statements report the Library's net position and changes in them. Net Position - the difference between the Library's assets and liabilities - is one way

**AUDUBON REGIONAL LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2018**

to measure the Library's financial health, or financial position. Over time, increases and decreases in the Library's net position is one indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors will also need to be considered to assess the overall health of the Library.

The government-wide financial statements of the Library report only one type of activity - governmental activities. All of the Library's basic services are included here, such as library services and general administration.

Fund Financial Statements

The fund financial statements, beginning on page 11, provide more detail about the Library's most significant funds - not the Library as a whole. State laws require the establishment of some funds. Funds are accounting devices that the Library uses to keep track of specific sources of funding and spending for particular purposes.

The Library used only the governmental type of fund with the following accounting approach. Most of the Library's basic services are included in governmental funds, which focus on how cash and other financial assets that can be readily converted to cash flow in and out of those funds, and the balances left at year-end that are available for spending. Those funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements therefore provide a detailed short-term view of the Library's general government operations and the basic services it provides, and helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Library's programs. Since this information does not include the additional long-term focus of government-wide statements, we provide reconciliations on the subsequent pages that explain the relationship (or difference) between the two different type statements.

**AUDUBON REGIONAL LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2018**

FINANCIAL ANALYSIS OF THE LIBRARY AS A WHOLE

Net Position. The Library's combined net position increased between fiscal years 2017 and 2018. (See Table 1 below)

**Table 1
Library's Net Position**

	Governmental Activities	
	2017	2018
Current and other assets	\$1,334,831	\$1,561,101
Capital assets, net	323,902	283,324
Net pension asset	0	22,327
Deferred outflows – pension	16,208	22,663
Total Assets	\$1,674,941	\$1,889,415
Current liabilities	38,772	32,915
Deferred inflows	4,049	38,997
Long term liabilities	121,040	84,000
Total Liabilities	\$ 163,861	\$ 155,912
Net Position:		
Invested in capital assets, net of depreciation	\$ 323,902	\$ 283,324
Restricted	247,652	250,589
Unrestricted	936,526	1,199,590
Total net position	\$1,508,080	\$1,733,503

FINANCIAL ANALYSIS OF THE LIBRARY AS A WHOLE

Approximately 80 percent of the Library's revenue comes from a general property tax assessed on the property owners in each parish.

The total cost of all programs and services decreased from the prior year. The Library's expenses cover all services, which it offers to the public.

**AUDUBON REGIONAL LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2018**

Governmental Activities

**Table 2
Changes in Library's Net Position**

	Governmental Activities	
	2017	2018
Revenues		
Program Revenues		
Charges for services	\$ 10,539	\$ 8,920
E-Rate and grants	54,718	61,592
Donations – Building Fund	0	0
Other Revenues	541,175	648,974
Total Revenues	<u>\$ 606,432</u>	<u>\$ 719,486</u>
Expenses		
General	\$ 549,768	\$ 494,063
Governmental		
Total Expenses	<u>549,768</u>	<u>494,063</u>
Increase in net position	<u>\$ 56,664</u>	<u>\$ 225,423</u>

**Table 3
Net Cost of Library's Governmental Activities**

	Governmental Activities	
	2017	2018
Library Services	<u>\$ 491,445</u>	<u>\$ 494,063</u>
	<u>\$ 491,445</u>	<u>\$ 494,063</u>

FINANCIAL ANALYSIS OF THE LIBRARY'S FUNDS

As the Library completed the year, its governmental funds reported a combined fund balance of \$1,733,503 reflecting an increase over the prior year. All, but \$250,589 of this fund balance is unrestricted and unassigned

General Fund Budgetary Highlights

During the year, the library operated well within its budget. Both revenues and expenditures were in favorable positions due to constant oversight and monitoring procedures

**AUDUBON REGIONAL LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2018**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the year, the Library has invested \$283,324 in capital assets (See Table 4).

**Table 4
Library's Capital Assets
(net of accumulated depreciation)**

	Governmental Activities	
	2017	2018
Vehicles	\$ 21,976	\$ 19,140
Buildings	148,052	139,156
Furniture and equipment	15,943	8,372
Library books	137,931	116,656
Total	\$ 323,902	\$ 283,324

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Approximately 80 percent of the Library's revenues are derived from an ad valorem tax on the voters of each parish. The Parish Police Juries must approve the Library's millage rates for collection of the ad valorem taxes each year. The economy is not expected to generate any significant growth in assessment values. Neither library fees nor grant income is expected to increase, therefore, future revenues are expected to remain consistent with the current year. The budget for the year 2019 should approximate the same as the year's 2018 budget.

CONTACTING THE LIBRARY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our parishioners, taxpayers, investors and creditors with a general overview of the Library's finances and to demonstrate the Library's accountability for the money it receives. If you have questions about this report or need additional information, contact Mrs. Michele Jones, Director, P. O. Box 8389, Clinton, Louisiana 70722.

**BASIC FINANCIAL STATEMENTS
(OVERVIEW)**

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

AUDUBON REGIONAL LIBRARY
Statement of Net Position
December 31, 2018

	<u>Governmental Activities</u>
<u>Current Assets</u>	
Cash and cash equivalents	\$ 383,985
Investments	522,643
Receivables	626,174
Prepaid expenses	<u>28,299</u>
Total Current Assets	1,561,101
<u>Non Current Assets</u>	
Capital assets, net of depreciation	283,324
Net pension asset	22,327
<u>Deferred Outflows</u>	
Pension Related	<u>22,663</u>
Total Assets and Deferred Outflows	<u><u>1,889,415</u></u>
 <u>Liabilities</u>	
Accounts payable and accrued expenses	6,444
Intergovernmental payable	26,471
<u>Long Term Liabilities</u>	
Building Lease	84,000
Net Pension Liability	<u>-</u>
<u>Deferred Inflows</u>	
Grant Related	-
Pension Related	<u>38,997</u>
Total Liabilities and Deferred Inflows	<u>155,912</u>
 <u>NET POSITION</u>	
Invested in capital assets	283,324
Restricted - Building fund	250,589
Unassigned	<u>1,199,590</u>
Total Net Position	<u><u>\$ 1,733,503</u></u>

The accompanying notes are an integral part of this statement

AUDUBON REGIONAL LIBRARY
Statement of Activities
For the Year Ended December 31, 2018

Culture and recreation.	
Personal services	\$ 231,712
Operating services	166,492
Materials and supplies	16,262
Subscriptions & Periodicals	25,784
Depreciation expense	53,813
Total Program Expenses	<u>494,063</u>
Program revenues.	
Fines and forfeitures	1,736
Fees and charges for Library services	8,920
Total Program Revenue	<u>10,656</u>
Net Program Expenses	<u>483,407</u>
General revenues	
Taxes - ad valorem	585,697
Intergovernmental	
State revenue sharing	45,654
State aid revenue	-
Local grants	5,665
Interest earned	8,292
Other revenue	7
E-Rate reimbursements	61,592
Donations - Gifts	1,923
Donations - Programs	-
Total general revenues	<u>708,830</u>
Change in Net Position	225,423
Net Position - Beginning of year	<u>1,508,080</u>
Net Position - End of year	<u><u>\$ 1,733,503</u></u>

The accompanying notes are an integral part of this statement

FUND FINANCIAL STATEMENTS

AUDUBON REGIONAL LIBRARY
Balance Sheet
Governmental Funds
December 31, 2018

	<u>Governmental Fund Types</u>		Total (Memorandum) (Only)
	<u>General Fund</u>	<u>Special Revenue Fund</u>	
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 383,985	\$	\$ 383,985
Investments, at amortized cost	272,054	250,589	522,643
Receivables	626,174		626,174
Prepaid Expenses	28,299		28,299
Total assets	<u>1,310,512</u>	<u>250,589</u>	<u>1,561,101</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</u>			
<u>Liabilities</u>			
Accounts payable & accrued liabilities	6,444		6,444
Building Lease	84,000		84,000
Intergovernmental payable	26,471		26,471
Total liabilities	<u>116,915</u>	<u>-</u>	<u>116,915</u>
 <u>FUND BALANCE</u>			
Fund balance-reserved for building fund		250,589	250,589
Fund balance- unassigned	1,193,597		1,193,597
Total Fund Balances	<u>1,193,597</u>	<u>250,589</u>	<u>1,444,186</u>
Total liabilities and Fund Balance	<u>\$ 1,310,512</u>	<u>\$ 250,589</u>	<u>\$ 1,561,101</u>

The accompanying notes are an integral part of this statement

AUDUBON REGIONAL LIBRARY
Reconciliation of the Balance Sheet-Governmental Funds
to the Statement of Net Position
For the Year Ended December 31, 2018

Total fund balance - governmental funds	\$ 1,444,186
Amounts reported for governmental activities in the statement of net position are different because	
Deferred Outflows - Pension Related	22,663
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the Balance sheet - governmental funds.	283,324
Deferred Inflows - Pension Related	(38,997)
Net Pension Asset	<u>22,327</u>
Total net position of governmental activities	<u>\$ 1,733,503</u>

The accompanying notes are an integral part of this statement

AUDUBON REGIONAL LIBRARY
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2018

	General Fund	Special Revenue Funds	Total (Memorandum Only)
<u>REVENUES</u>			
Ad valorem taxes	\$ 585,697	\$ -	\$ 585,697
Intergovernmental revenues			
State revenue sharing	45,654		45,654
E-Rate revenue	61,592		61,592
State aid	-		-
Local grants	5,665		5,665
Interest earnings	5,773	2,519	8,292
Fees and charges for library services	8,920		8,920
Fines and forfeitures	1,736		1,736
Donations and gifts	1,923		1,923
Donations - Programs	-		-
Miscellaneous income	7		7
	<u>716,967</u>	<u>2,519</u>	<u>719,486</u>
<u>Total revenues</u>			
<u>EXPENDITURES</u>			
Salaries and related benefits	231,712		231,712
Rents	10,200		10,200
Telephone & communication	71,967		71,967
Grant expense	4,866		4,866
Insurance	12,678		12,678
Intergovernmental	-		-
Utilities	14,036		14,036
Professional services	15,020		15,020
Bookmobile / Van	3,618		3,618
Travel	-		-
Repairs and maintenance	33,514		33,514
Materials and supplies	16,262		16,262
Subscriptions & periodicals	25,785		25,785
Capital outlay	13,235		13,235
Other Expenses	592		592
	<u>453,485</u>	<u>-</u>	<u>453,485</u>
<u>Total Expenditures</u>	<u>\$ 453,485</u>	<u>\$ -</u>	<u>\$ 453,485</u>

The accompanying notes are an integral part of this statement

AUDUBON REGIONAL LIBRARY
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2018
(Continued)

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Total (Memorandum) Only</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>\$ 263,482</u>	<u>\$ 2,519</u>	<u>\$ 266,001</u>
<u>FUND BALANCES AT BEGINNING OF YEAR</u>	<u>930,115</u>	<u>248,070</u>	<u>1,178,185</u>
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$ 1,193,597</u>	<u>\$ 250,589</u>	<u>\$ 1,444,186</u>

The accompanying notes are an integral part of this statement

AUDUBON REGIONAL LIBRARY
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental
Funds to the Statement of Activities
For the Year Ended December 31, 2018

Net change in fund balances - total governmental funds \$ 266,001

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 and reported as depreciation expenses. This is the amount which depreciation exceeded capital outlays in the current period.

Depreciation expense	(53,813)
Capital outlays	<u>13,235</u>

Change in net position of governmental activities \$ 225,423

The accompanying notes are an integral part of this statement

AUDUBON REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

INTRODUCTION

The Audubon Regional Library was established in 1963, as authorized by Louisiana Revised Statute 25:217, through the cooperative efforts of the police juries of St. Helena and East Feliciana Parishes. The Library provides citizens of these parishes access to library materials, books, magazines, records and films. The Library is governed by a board of commissioners consisting of eight members, three appointed from each parish by their police jury, and two who are the police jury presidents for each parish who serve as ex-officio members. Terms for appointed members are for five years, and members serve without pay. Libraries located in Clinton, Greensburg and Jackson are supported by property tax assessments in both parishes.

Note #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

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

REPORTING ENTITY

Governmental Accounting Standards Board No. 14 established criteria for determining which component units should be considered part of the police jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

- A Appointing a voting majority of an organization's governing body and
 1. The ability of the police jury to impose its will on that organization, and/or
 2. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury

- B Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.

AUDUBON REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

The Audubon Regional Library is considered a joint venture of the participating police juries, and therefore, issues fund financial statements separate from the police juries. The accompanying basic financial statements present information only on the funds maintained by the library

FUND ACCOUNTING

The library uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain library functions and activities

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the library are classified as governmental funds. Governmental funds account for the library's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations. Governmental funds account for all or most of the library's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the library. The following are the library's governmental funds.

General fund

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

AUDUBON REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

Special Revenue Funds

The special revenue funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes

MEASUREMENT FOCUS / BASIS OF ACCOUNTING
GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

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

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

The amounts reflected in the General Fund of the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e. revenues and other financing sources) and uses (i.e. expenditures and other funding uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the library's operations (See the reconciliation statements)

The amounts reflected in the General Fund in the FFS use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectable within the current period or soon enough thereafter to pay liabilities of the current period. The library considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt

AUDUBON REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures.

Revenues

Ad valorem taxes and the related state revenue sharing (which is based on population and homesteads in the parish) are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year and become delinquent on December 31. Taxes are generally collected in December of the current year end and January and February of the following year.

Where grant revenue is dependent upon expenditures by the Library, revenue is recognized when the related expenditures are incurred.

Interest income on time deposits (certificates of deposit) is recorded when earned.

Substantially all other revenues are recorded when received.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for accumulated vacation leave, which is not accrued.

Other Financing Sources (Uses)

Transfers between funds, which are not expected to be repaid, are accounted for as other financing sources (uses) and are recorded when incurred.

Budgets

The director directs the preparation of a proposed budget annually and submits it to the Board for adoption.

The public hearing announcement detailing the availability of the proposed budget for public inspection is advertised in the official journals of East Feliciana and St. Helena Parishes at least ten days prior to the date of the public hearing. After the public hearing is held, the budget is formally adopted at a regular board meeting. A summary of the adopted budget is published in the official journal.

AUDUBON REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

Formal budget integration is employed as a management control device during the year.

Budgetary amendments require the approval of the board. All budgetary appropriations lapse at the end of the year.

Budgetary amounts included in the accompanying financial statements reflect the original adopted budget and all budget amendments.

Encumbrances

The library does not use encumbrance accounting.

Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the library may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Investments

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the Library's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments, however, if the original maturities are 90 days or less, they are classified as cash equivalents.

Prepaid Expenses

Prepaid expenses are comprised of payments made for cost that will benefit periods beyond December 31, 2018.

Capital Assets

Capital assets are capitalized at historical cost or estimated historical cost if historical cost is not available. Donated assets are recorded at their estimated fair market value at the date of donation. The library maintains a threshold level of \$500 or more for capitalizing capital assets.

Capital assets are recorded in the Statement of Net Assets and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into

AUDUBON REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

consideration for depreciation purposes. All capital assets are depreciated using the straight-line method over the following useful lives.

Equipment & Furniture	5 - 7 years
Vehicles	10 years
Buildings	20 years
Library collections	10 years

Compensated Absences

Staff members who work 34 hours or more per week are considered full time. After having been employed 6 months and having satisfactorily completed the 6 month probationary period, employees will earn annual and sick leave as follows:

6 months through 4 years:	1 work day per month
5 through 9 years:	1.5 work days per month
10 years and over:	2 work days per month

Twelve days of unused annual leave may be carried over. All unused sick leave may be carried over. Only full time employees will be compensated for unused annual leave upon termination. Part time employees are given one hour of sick leave for each twenty hours of service.

Restricted Assets

For government-wide statement of net position, assets are reported as restricted when constraints placed on asset use are either:

- A. externally imposed by creditors (such as debt covenants), grants, contributors, or laws or regulations of other governments, or
- B. imposed by law through constitutional provisions or enabling legislation.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Any designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date

AUDUBON REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Bad Debts

Uncollectible amounts due for ad valorem taxes and other revenues are recognized as bad debts at the time information becomes available which would indicate uncollectibility of the receivable. Although the specific charge-off method is not in conformity with generally accepted accounting principles (GAAP), no allowance for uncollectible receivables was made due to immateriality at December 31, 2018.

Note #2 CASH AND CASH EQUIVALENTS

These deposits are stated at cost which approximates market. Under state law, these deposits 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 of 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, 2018, the library has cash and cash equivalents (book balances) totaling \$383,985. This total is comprised of \$382,688 in interest-bearing demand deposits.

Note #3 INVESTMENTS

At December 31, 2018, investments are comprised of Time Certificates of Deposit and savings in the amount of \$522,643.

Investments are limited by law and the library's investment policies. The investments in time certificates of deposit is secured from risk by federal depository insurance and pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). Time Certificates of Deposit and savings in the amount of \$250,589 is restricted as part of the building funds.

At December 31, 2018, the unrestricted investment's amortized cost and the market value are \$272,054.

AUDUBON REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note #4 RECEIVABLES

The following is a summary of receivables at December 31, 2018:

Ad valorem taxes	\$580,521
State revenue sharing	<u>45,653</u>
Total	<u>\$626,174</u>

Note #5 CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2018 is as follows:

	<u>Balance</u> <u>Dec 31, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec 31, 2018</u>
<u>Governmental</u>				
<u>Activities</u>				
Vehicles & Equipment	\$ 28,357			\$ 28,357
Buildings	165,378			165,378
Furniture & Equipment	456,875			456,875
Library Collection	738,269	13,235		751,504
Total	<u>\$ 1,388,879</u>	<u>23,458</u>		<u>\$ 1,402,114</u>
Less accumulated depreciation				
Vehicles	\$ 6,381	2,836		\$ 9,217
Buildings	17,326	8,896		26,222
Furniture & Equipment	440,933	7,570		448,502
Library Collection	600,336	34,511		638,847
Total	<u>\$ 1,064,976</u>	<u>53,813</u>		<u>\$ 1,118,789</u>

During 2018, the library incurred \$13,235 in capital outlay expenditures.

Note #6 PENSION PLAN

All full time employees of the library, regularly scheduled over 28 hours, are eligible to be members of the Parochial Employees Retirement System of Louisiana, a multiple-employer, public employee retirement system, controlled and administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit

AUDUBON REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

provisions. Eligible employees of the library are members of Plan B. Contributions of participating agencies are pooled within the system to fund accrued benefits, with contribution rates approved by the Louisiana Legislature.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds are eligible to participate in the System. Employees hired prior to 1/1/07 are eligible to retire with 7 years of creditable service at age 65, 10 years of creditable service at age 60 or with 30 years of creditable service at age 55. Employees hired 1/1/07 and later are eligible to retire with 7 years of service at age 67, 10 years of service at age 62 or with 30 years of service at age 55.

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to 2% of the members' final average compensation multiplied by his years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

Survivor Benefits. Plan B members need 10 years of service credit to be eligible for survivor benefits. Upon the death of any member of Plan B with 20 or more years of creditable service who is not eligible for normal retirement, the plan provides for an automatic Option 2 benefit for the surviving spouse when he/she reaches age 50 and until remarriage, if the remarriage occurs before age 55.

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

Deferred Retirement Option Plan Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the Retirement System. DROP is an option for that member who is eligible for normal retirement. In lieu of terminating employment and accepting a service retirement, any member of Plan B who is eligible to retire may elect to participate in the Deferred Retirement Option Plan (DROP) in which they are enrolled for 3 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.

AUDUBON REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

Disability Benefits: For Plan B, a member shall be eligible to retire and receive a disability benefit if he/she was hired prior to January 1, 2007, and has at least 5 years of creditable service or if hired after January 1, 2007, has 7 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 B shall be paid a disability benefit equal to the lesser of an amount equal to 2% of the member's final average compensation multiplied by his years of service, not to be less than 15, or an amount equal to what the member's normal benefit would be based on the member's current final compensation but assuming the member remained in continuous service until his earliest normal retirement age.

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 65 equal to 2% of the member's benefit paid on October 1, 1977, (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older. (RS 11.1937) Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

Employer Contributions: According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2017, the actuarially determined contribution rate was 6.75% for member's compensation for Plan B. However, the actual rate for the fiscal year ending December 31, 2018 was 7.5% for Plan B. Members are required to contribute 3.0% of their annual covered salary and the library is required to contribute 7.5% of annual covered payroll. The Library contributed \$9,327 during 2018 as its

AUDUBON REGIONAL LIBRARY
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2018

share of contributions. The Library does not guarantee the benefits granted by the retirement system.

Non-Employer Contributions: According to the state statute, the System also receives ¼ of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge Parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities.

Pension Liabilities/Assets, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources: At December 31, 2018, the Library reported assets in its financial statements of \$22,327 for its proportionate share of the net pension assets of PERS. The net pension assets / liabilities are measured as of December 31, 2017 and the total pension liability used to calculate the net pension obligation was determined by separate actuarial valuations performed as of that date. The Library's proportion of the net pension asset was based on a projection of the Library's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2017, the Library's proportional share of PERS was 0.177452%, which was a decrease of 0.038395% from its proportion measured as of December 31, 2017.

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

Deferred Flows of Resources.	<u>Outflows</u>	<u>Inflows</u>
Differences between expected and actual experience	\$ 0	\$ 11,628
Net difference between projected and actual earnings on Pension Plan Investments		26,278
Changes in Assumption	13,137	
Changes in Proportion	0	1,091
Employer contributions subsequent to measurement date	9,526	0
	<u>\$ 22,663</u>	<u>\$ 38,997</u>

The Library reported \$22,663 as deferred outflow of resources related to pension contributions made subsequent to the plan's measurement period of December 31, 2017 which will be recognized as an increase in net pension asset in the Library's fiscal year ended December 31, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources, including remaining plan's amortization related to pensions, will be recognized in pension expense as follows:

AUDUBON REGIONAL LIBRARY
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2018

<u>Year</u>	<u>Amount</u>
2018	\$ (1,837)
2019	(3,864)
2020	(9,983)
2021	(10,184)
	<u>\$ (25,868)</u>

Actuarial Methods and Assumptions: A summary of the actuarial methods and assumptions used in determining the total pension liability for Plan B as of December 31, 2017 are as follows:

Valuation Date	December 31, 2017
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	6.75% (Net of investment expense)
Expected Remaining Service Lives	4 years
Projected Salary Increases	5.25% (2.75% Merit / 2.5% Inflation)
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently 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 Mortality Table was selected for active members. RP-2000 Healthy Annuitant Mortality Table was selected for healthy annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.

AUDUBON REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.0% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.62% for the year ended December 31, 2017.

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2010 through December 31, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a set back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

The following presents the net pension liability of the participating employers calculated using the discount rate of 6.75%, 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 (5.75%) or one percentage point higher (7.75%) than the current rate.

AUDUBON REGIONAL LIBRARY
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2018

	Plan B Changes in Discount Rate 2017		
	1%	Current	1%
	Decrease (5.75%)	Discount Rate (6.75%)	Increase (7.75%)
Net Pension Liability (Asset)	\$ 47,575	\$ (22,327)	\$ (81,292)

Note #7 LEASES

The library is currently committed under two leases for building and office space. These leases are considered for accounting purposes to be operating leases for the year ended December 31, 2018. Lease expenditures for the year ended December 31, 2018, amounted to \$10,200.

Beginning with January 1, 2017, payments for the building in St. Helena Parish became a capital lease. The future payments listed below reflect only the lease for space in East Feliciana Parish.

Future minimum lease payments for these leases are as follows:

Year Ending	Amount
2019	<u>4,200</u>
	<u>\$ 4,200</u>

The library has a capital lease for the building in Greensburg. It has been recognized as a fixed asset and recorded in the Library's books at expected cost at the end of the term of the lease-purchase agreement.

Note #8 LITIGATION AND CLAIMS

The library was not involved in litigation at December 31, 2018.

Note #9 LEVIED TAXES

In November 2017, the voters in St. Helena and East Feliciana Parishes approved a millage rate of 2.50 mills to be levied for the next ten years in support of the library.

The following is a summary of levied ad valorem taxes for 2018:

Parish wide maintenance tax

AUDUBON REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

East Feliciana	2.50
St Helena	2.50

Note #10 BOARD MEMBERS PER DIEM

The board members are not paid per diem or compensation for their service.

Note #11 RELATED PARTY TRANSACTIONS

There are no related party transactions that require disclosure

Note #12 RISK MANAGEMENT

The Audubon Regional Library is exposed to various risks of loss including injuries to workers, criminal or property damage, theft and other possible related claims. The library purchases commercial insurance to minimize this risk of loss from these types of occurrences. There was no significant reduction in insurance coverage from the prior year.

Note #13 SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 21, 2019, the date on which the financial statements were available to be issued.

Note #14 E-RATE REVENUE

Audubon Regional Library qualifies and participates in the federal E-RATE program. This program reimburses the Library for a percentage of telecommunication and Internet charges provided by Hunt Communications. The program runs each year from June 30 - July 1. In 2018, charges for networking and phone service were \$71,968 and the E-Rate reimbursement was \$61,592.

AUDUBON REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note #15 Special Revenue Funds

Sarah T. Jones Memorial Fund accounts for funds donated to the library by friends of Sarah T. Jones. These funds are to be used exclusively for the purchase of furniture and equipment for the library

The Judge William T Bennett Memorial Funds accounts for funds donated to the library by friends of Judge William T Bennett. These funds are to be used for furnishings, decorations or equipment for the library

Clinton and Greensburg Library Building Funds are funds to be raised for the proposed building of new library facilities in Clinton and Greensburg.

**SPECIAL REVENUE FUND
STATEMENTS**

AUDUBON REGIONAL LIBRARY
SPECIAL REVENUE FUNDS
DECEMBER 31, 2018

Sarah T. Jones Memorial Fund

Sarah T. Jones Memorial Fund accounts are funds donated to the Library by friends of Sarah T. Jones. These funds are used exclusively for the purchase of furniture and equipment for the library.

Judge William T. Bennett Memorial Fund

The Judge William T. Bennett Memorial Fund accounts for funds donated to the library by friends of Judge William T. Bennett. These funds are to be used for furnishings, decorations, or equipment for the Library.

Clinton and Greensburg Library Building Funds

These donations are funds to be raised for the purpose of the building of new library facilities in Clinton and Greensburg.

AUDUBON REGIONAL LIBRARY
Special Revenue Funds
Balance Sheet
at December 31, 2018

	Library Building Funds	Sarah T Jones Memorial Fund	Judge William T. Bennett Memorial Fund	Total (Memorandum Only)
<u>ASSETS AND OTHER DEBITS</u>				
Assets				
Investments and savings	\$ 247,890	\$ 1,596	\$ 1,103	\$ 250,589
<u>Total Assets</u>	247,890	1,596	1,103	250,589
LIABILITIES, EQUITY AND OTHER EQUITY				
EQUITY AND OTHER CREDITS				
Fund balance undesignated	\$ 247,890	\$ 1,596	\$ 1,103	\$ 250,589

The accompanying notes are an integral part of this statement

AUDUBON REGIONAL LIBRARY
SPECIAL REVENUE FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2018

	LIBRARY BUILDING FUNDS	SARAH T JONES MEMORIAL FUND	JUDGE WILLIAM T BENNETT MEMORIAL FUND	TOTAL (MEMORANDUM ONLY)
<u>REVENUES</u>				
Interest earnings & deposits	\$ 2,508	\$ 5	\$ 5	\$ 2,518
<u>Total Revenues</u>	<u>2,508</u>	<u>5</u>	<u>5</u>	<u>2,518</u>
<u>EXPENDITURES</u>				
	0	0	0	0
<u>Total Expenditures</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>				
	2,508	5	5	2,518
<u>FUND BALANCES AT BEGINNING OF YEAR</u>				
	245,382	1,591	1,098	248,071
<u>FUND BALANCES AT END OF YEAR</u>				
	<u>\$ 247,890</u>	<u>\$ 1,596</u>	<u>\$ 1,103</u>	<u>\$ 250,589</u>

The accompanying notes are an integral part of this statement

REQUIRED SUPPLEMENTAL INFORMATION

AUDUBON REGIONAL LIBRARY
 Budgetary Comparison Schedule
 General Fund
 Year Ended December 31, 2018

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
<u>REVENUES</u>			
Ad valorem taxes	\$ 488,271	\$ 585,696	\$ 97,425
State revenue sharing	46,259	45,653	(606)
E-Rate revenue	59,346	61,592	2,246
State aid	0	0	0
Local grants	4,841	5,665	824
Interest earnings	6,222	8,292	2,070
Fees and charges for library services	9,662	8,920	(742)
Fines and forfeitures	1,786	1,736	(50)
Donations and gifts	1,193	1,923	730
Miscellaneous income	262	8	(254)
<u>Total revenues</u>	<u>\$ 617,842</u>	<u>\$ 719,485</u>	<u>\$ 101,643</u>
<u>EXPENDITURES</u>			
Salaries and related benefits	224,699	231,713	(7,014)
Rents	22,200	10,200	12,000
Telephone & networking	77,126	71,968	5,158
Grant expense	4,454	4,866	(412)
Insurance	11,749	12,679	(930)
Intergovernmental	0	0	0
Utilities	16,200	14,036	2,164
Professional services	14,705	15,020	(315)
Travel	150	0	150
Repairs and maintenance	35,885	33,514	2,371
Materials and supplies	20,293	16,262	4,031
Bookmobile / Van	4,879	3,618	1,261
Subscriptions & periodicals	28,860	25,785	3,075
Capital outlay	23,600	13,235	10,365
Other expenses	324	592	(268)
<u>Total Expenditures</u>	<u>\$ 485,124</u>	<u>\$ 453,488</u>	<u>\$ 31,636</u>

The accompanying notes are an integral part of this statement

AUDUBON REGIONAL LIBRARY
 Budgetary Comparison Schedule
 General Fund
 Year Ended December 31, 2018
 (Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
NET CHANGE IN FUND BALANCES	<u>\$ 132,718</u>	<u>\$ 265,997</u>	<u>\$ 133,279</u>
FUND BALANCE AT BEGINNING OF YEAR		<u>1,291,184</u>	
FUND BALANCE AT END OF YEAR		<u>\$ 1,557,181</u>	

The accompanying notes are an integral part of this statement

AUDUBON REGIONAL LIBRARY
 SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
 DECEMBER 31, 2018

Actuarial Valuation Date	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
December 31, 2015	0.039333%	10,754	141,758	7.59%	99.15%
December 31, 2016	0.039205%	103,198	224,786	45.91%	92.23%
December 31, 2017	0.215847%	28,040	183,042	15.32%	21.58%
December 31, 2018	0.177452%	14,396	140,336	10.26%	96.14%

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

AUDUBON REGIONAL LIBRARY
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 DECEMBER 31, 2018

Actuarial Valuation Date	Contractually Required Contributions	Contributions in Relation to Contractual Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a percentage of covered payroll
December 31, 2015	23,702	23,702	-	141,758	16.76%
December 31, 2016	32,594	32,594	-	224,786	14.50%
December 31, 2017	37,891	37,891		183,042	20.70%
December 31, 2018	14,396	14,396		140,336	10.26%

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

AUDUBON REGIONAL LIBRARY
 Clinton, Louisiana
 Schedule of Compensation, Benefits, and
 Other Payments to Agency Head
 For the Year Ended December 31, 2018

In accordance with Act 462 of 2015 which amends Act 706 of the 2014 Legislative Session, the following Schedule of Compensation, Benefits, and Other Payments to the Agency Head is presented

MICHELE JONES

PURPOSE	AMOUNT
Salary & Benefits	
Salary	\$ 62,000
Benefits - Retirement	4,745
Total Salary & Benefits	\$ 66,745
Other Items	
Officer & Director Insurance	2,061
Dues	100
Total Other Items	\$ 2,161
Total Salary, Benefits, & Other Items	\$ 68,906

The accompanying notes are an integral part of this statement

SUPPLEMENTAL INFORMATION

MC DUFFIE K. HERROD, LTD.
(A Professional Accounting Corporation)

McDUFFIE K. HERROD
CERTIFIED PUBLIC ACCOUNTANT

Member
American Institute of CPAs
Society of Louisiana CPAs

POST OFFICE BOX 8436
12410 WOODVILLE ST
CLINTON, LA 70722
Telephone (225) 683-3888
Facsimile (225) 683-6733
Email mkherrod@bellsouth.net

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

Board of Commissioners
Audubon Regional Library
Clinton, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Audubon Regional Library, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Audubon Regional Library's basic financial statements, and have issued our report thereon dated June 21, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

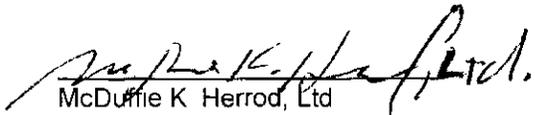
As part of obtaining reasonable assurance about whether the Audubon Regional Library's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have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

Audubon Regional Library's Response to Findings

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

Purpose of This Report

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



McDuffie K. Herrod, Ltd
A Professional Accounting Corporation
June 21, 2019

AUDUBON REGIONAL LIBRARY
SCHEDULE OF AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018

A SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of the Audubon Regional Library.
2. No instances of noncompliance material to the financial statements of the Audubon Regional Library were disclosed during the audit.
3. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control

B PRIOR YEAR FINDINGS - FINANCIAL STATEMENTS AUDIT

2017 – 001 Compliance with Local Government Budget Act

Condition

For the year ended December 31, 2017, actual revenues were less than budgeted by more than the 5% variance allowed.

Criteria

The Louisiana Local Government Budget Act, LA RS 39.1301-1315, specifies that revenue should not vary 5% or more, and expenditures should not vary 5% or more from budget amounts

Cause.

Management did not take steps to amend budgets during the year

Recommendation.

Management should implement a plan whereby expenditures and revenues are monitored on a continuous basis, and amend the budget as needed during the period.

Management Response.

Management will monitor actual revenues and expenditures more closely and compare to budgeted amounts frequently and amend the budget as needed. Management will seek assistance from an outside accountant to stay in compliance.

Current Status Resolved

AUDUBON REGIONAL LIBRARY
SCHEDULE OF AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018

C PRIOR YEAR FINDINGS – INTERNAL CONTROL OVER FINANCIAL REPORTING

None

D CURRENT YEAR FINDINGS – FINANCIAL STATEMENTS AUDIT

None

E CURRENT YEAR FINDINGS – INTERNAL CONTROL OVER FINANCIAL REPORTING

None

F MANAGEMENT LETTER

A management letter was not issued.

STATEWIDE AGREED UPON PROCEDURES

MC DUFFIE K. HERROD, LTD.

(A Professional Accounting Corporation)

McDUFFIE K. HERROD
CERTIFIED PUBLIC ACCOUNTANT

Member

American Institute of CPAs
Society of Louisiana CPAs

POST OFFICE BOX 8436
12410 WOODVILLE ST.
CLINTON, LA 70722
Telephone (225) 683-3888
Facsimile (225) 683-6733
Email
mkherrod@bellsouth.net

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by Audubon Regional Library and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures – Year 2 (SAUPs) for the fiscal period January 1, 2018 through December 31, 2018. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

- 1 Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
Procedures addressed budgeting adequately, partly by assistance from an outside accountant.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

The procedure manual reviewed incorporates most of the above procedures, but does not set-out the procedures as applied, above Management has indicated the written procedures will be modified to set forth each element to be sure they are in compliance

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

See item b), above

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

These items were noted in the Entity's procedures

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

These items were noted in the Entity's procedures

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

These items were noted in the Entity's procedures

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

These items were noted in the Entity's procedures.

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

These items were noted in the Entity's procedures

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

The procedures address this item.

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

This is addressed under the Entity's "fiscal policies" although the Entity does not have any outside debt other than an ongoing capital lease

Board or Finance Committee

2. Obtain and review and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Board meeting minutes were reviewed and we concluded that the board meets monthly

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds ¹

We only observed two instances of a budget-to-actual comparison being recorded in the minutes although financial information is reviewed at each meeting. Management has been advised to include financial reports with minutes for every meeting.

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Not applicable – no negative balance in the general fund

Bank Reconciliations

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

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

The Main Operating Account is the only checking account that the library possesses. Bank reconciliations for the Main Operating Account were found to be completed within two months of the related statement closing date, with no exceptions. Due to low transaction volume, all other accounts that were sampled (CD's) did not consistently

reconcile bank accounts within two months Management has been advised to reconcile all bank accounts on the same schedule as the General Fund

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

We found that bank reconciliations are approved in board meetings and approval signatures are consistently on the bank statement attached to the reconciliation

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

Three items were found to be outstanding for more than 12 months and management showed documentation where these items have been addressed

Collections

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

We obtained a listing of all deposit sites along with management's representation that the list is complete

- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that: *(see responses after item (d, below)*

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

We found that employees responsible for cash collections do not share cash drawers/registers

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

We found no exceptions

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

We found that employees responsible for collecting cash are not responsible for posting collection entries to the general ledger

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

We found that employees responsible for reconciling cash collections to the general ledger are not responsible for collecting cash.

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

According to documents inspected, all employees that have access to cash are bonded.

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

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

The only applicable account that the library maintains is the general fund. The receipts were found to be sequentially numbered.

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

We were able to trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip

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

The deposit slip total traced to the actual deposit found on the bank statement.

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

Deposits were found to be made within one business day of receipt at the collection location.

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

We were able to trace the deposit listed on the bank statement back to the general ledger

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

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

Management provided us with the requested list, with their representation it is complete

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Items a) – d) The Entity has 2 or more employees serving in these capacities. With sound controls in mind, management sees to it that these duties are segregated so that the initiation, approval, and payments for purchases are adequately divided and vendor files are not maintained by the same persons. This is covered by the Entity's procedures.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable

Of these procedures performed, no exceptions were noted

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, 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.

A Listing of all active Credit/Debit cards was obtained from management, along with management's representation that the listing is complete

- 12 Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or

combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

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

We observed that the approval process for debit card transactions changed during the year. From January 1, 2018 until May 16, 2018, the director (sole card holder) approved all debit card transactions. Evidence suggested that starting May 16, 2018, the Board of Directors approved all debit card transactions made by the Director.

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

There was no evidence of finance charges or late fees on the selected statements.

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

Ten (10) transactions were selected and analyzed from the only debit card that is in service. The following observations were made:

- (1) *Each debit card transaction found on the bank statements had a corresponding original receipt attached to the back of the bank statement. Each receipt properly identified what was purchased.*
- (2) *Written documentation of the business/public purpose could be found in transaction detail documentation attached to the bank statement.*
- (3) *There were no meal charges included in any of the randomly selected transactions.*

Travel and Expense Reimbursement

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

Management provided us with the requested listing, with their representation it is complete.

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

Not applicable

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

Not applicable.

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

Not applicable.

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

Not applicable

Contracts

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

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

No Exceptions were found.

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

No exceptions were found

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

No contracts were found to be amended.

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

No exceptions were found

Payroll and Personnel

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

We have obtained a listing of employees employed during the fiscal period and management's representation that the listing is complete. From this listing, five (5) employees were randomly selected.

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

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

The pay period of March 25, 2018 – April 7, 2018 was randomly selected. We observed that all selected employees documented their daily attendance and leave.

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

We observed that supervisors approved all attendance and leaves of the five (5) randomly selected employees.

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

Not applicable

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

A list of employees that were terminated during the fiscal year was obtained from management, as well as management's representation that the list was complete. Of the five (5) employees terminated during the year, we randomly selected two. We found no exceptions to the above mentioned guidelines.

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

We have obtained managements representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and worker's compensation premiums have been paid by the required deadlines

Ethics (excluding nonprofits)

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics compliance documentation from management, and.

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period

Of the five employees selected, two had no ethics training because they left employment before they could take the training. The others did have the training.

- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period

The three employees who did not leave the Entity did sign the verification forms

Debt Service (excluding nonprofits)

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

Not applicable.

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

Not applicable

Other

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

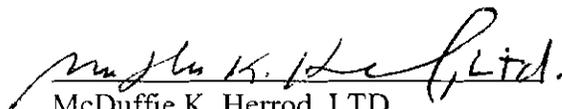
According to management, the Library did not have any misappropriations of public funds or assets.

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

The Library has posted the required notice on their premises.

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

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.


McDuffie K. Herrod, LTD.

Clinton, Louisiana

June 21, 2019