

ST. MARY PARISH LIBRARY

Financial Statements

Year Ended December 31, 2017

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL SECTION	
Basic Financial Statements:	
Government-wide financial statements:	
Statement of net position	4
Statement of activities	5
Fund Financial Statements:	
Governmental funds	
Balance sheet	7-8
Statement of revenues, expenditures, and changes in fund balance	9-10
Notes to financial statements	11-24
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedule - General Fund	26
Notes to budgetary comparison schedule	27
Schedule of employer's share of net pension liability	28
Schedule of employer contributions	29
Note to retirement system schedules	30
INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS	
Report on internal control over financial reporting and on compliance and	
Other matters based on an audit of financial statements performed in	
Accordance with <i>Government Auditing Standards</i>	32-33
Summary schedule of prior audit findings	34
Schedule of audit results and findings	35-36
Corrective action plan for current audit findings	37
Management's written response to current audit findings	Appendix A

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the St. Mary Parish Library ("Library"), a component unit of the Parish of St. Mary, as of and for the year ended December 31, 2017, and related notes to the financial statements which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States 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 audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Library's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Library, as of December 31, 2017, 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.

Emphasis of Matter

As described in Note 11 to the financial statements, the prior financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison information, schedule of employer's share of net pension liability, and schedule of employer contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the budgetary comparison information on pages 26 and 27, schedule of employer's share of net pension liability on page 28, schedule of employer contributions on page 29, or note to retirement system schedules on page 30 because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2018, on our consideration of the Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
May 24, 2018

BASIC FINANCIAL STATEMENTS

ST. MARY PARISH LIBRARY

Statement of Net Position
December 31, 2017

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash	\$ 4,181,093
Receivables:	
Ad valorem taxes, net of allowance	2,376,293
Due from other governmental units	40,024
Prepaid expenses	<u>16,459</u>
Total current assets	<u>6,613,869</u>
Capital assets:	
Land	295,111
Other, net of accumulated depreciation	<u>5,725,052</u>
Total capital assets, net	<u>6,020,163</u>
Total assets	<u>12,634,032</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to net pension liability	<u>471,275</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	139,480
Noncurrent liabilities:	
Net pension liability	<u>358,957</u>
Total liabilities	<u>498,437</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to net pension liability	<u>64,542</u>
NET POSITION	
Net investment in capital assets	6,020,163
Unrestricted	<u>6,522,165</u>
Total net position	<u>\$12,542,328</u>

The accompanying notes are an integral part of this statement.

ST. MARY PARISH LIBRARY

Statement of Activities
Year Ended December 31, 2017

Activities	Expenses	Program Revenues		Net (Expense) Revenue And Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Culture and recreation	<u>\$ 2,826,236</u>	<u>\$ 12,368</u>	<u>\$ 12,873</u>	\$ (2,800,995)
	General revenues:			
	Ad valorem taxes			2,562,098
	State revenue sharing			60,035
	Interest and investment income			8,484
	Miscellaneous			<u>39,318</u>
	Total general revenues			<u>2,669,935</u>
	Change in net position			(131,060)
	Net position, beginning, as restated			<u>12,673,388</u>
	Net position, ending			<u>\$ 12,542,328</u>

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

ST. MARY PARISH LIBRARY

Balance Sheet
 Governmental Funds
 December 31, 2017

ASSETS	<u>General</u>
Cash	\$ 4,181,093
Receivables:	
Ad valorem taxes, net of allowance	2,376,293
Due from other governmental units	40,024
Prepaid expenses	16,459
Total assets	<u>\$ 6,613,869</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	
Liabilities:	
Accounts payable and accrued expenses	<u>\$ 139,480</u>
Deferred inflows of resources:	
Unavailable revenues	<u>337,657</u>
Fund balance:	
Nonspendable	16,459
Unassigned	6,120,273
Total fund balance	<u>6,136,732</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 6,613,869</u>

(continued)

ST. MARY PARISH LIBRARY

Balance Sheet (continued)
Governmental Funds
December 31, 2017

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

Total fund balances for governmental funds at December 31, 2017	\$ 6,136,732
Total net assets reported for governmental activities in the statement of net assets is different because:	
Cost of capital assets, net of accumulated depreciation	6,020,163
Deferred revenues not considered current financial resources	337,657
Deferred outflows of resources related to net pension liability	471,275
Net pension liability	(358,957)
Deferred inflows of resources related to net pension liability	<u>(64,542)</u>
Net assets at December 31, 2017	<u>\$12,542,328</u>

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

ST. MARY PARISH LIBRARY

Statement of Revenues, Expenditures, and Changes in Fund Balance
 Governmental Funds
 Year Ended December 31, 2017

	<u>General</u>
Revenues	
Ad valorem taxes	\$ 2,483,667
Intergovernmental:	
State revenue sharing	59,869
Miscellaneous:	
Interest and investment earnings	8,484
Other sources	51,686
Total revenues	<u>2,603,706</u>
Expenditures	
Culture and recreation -	
Current :	
Ad valorem tax deductions	84,656
Insurance	81,796
Library materials - non capital	83,666
Materials and supplies	133,802
Miscellaneous	14,247
Professional services	79,490
Repairs and maintenance	142,667
Salaries and benefits	1,566,971
Telephone and utilities	132,387
Travel and other charges	20,017
Capital outlay:	
Books	224,695
Buildings and improvements	7,200
Furniture and equipment	37,427
Total expenditures	<u>2,609,021</u>
Net change in fund balance	(5,315)
Fund balance, beginning, as restated	<u>6,142,047</u>
Fund balance, ending	<u>\$ 6,136,732</u>

(continued)

ST. MARY PARISH LIBRARY

Statement of Revenues, Expenditures, and Changes in Fund Balance (continued)
 Governmental Funds
 Year Ended December 31, 2017

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

Total net changes in fund balance for the year ended December 31, 2017 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ (5,315)
Capital outlay	269,322
Depreciation expense	(408,993)
Changes in unavailable revenues as increases or decreases in current ad valorem taxes and state revenue sharing revenues	78,597
Effects of recording net pension liability and deferred inflows and outflows of resources related to net pension liability:	
Increase in pension expense	(77,544)
Nonemployer pension contribution revenue	<u>12,873</u> <u>(64,671)</u>
Change in net position of governmental activities	<u>\$ (131,060)</u>

The accompanying notes are an integral part of this statement.

ST. MARY PARISH LIBRARY

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

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

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

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

A. Financial Reporting Entity

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

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

B. Government-Wide and Fund Financial Statements

Government-wide financial statements –

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

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

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

ST. MARY PARISH LIBRARY

Notes to Financial Statements (continued)

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

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

Fund financial statements –

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

The Library has the following fund type:

Governmental Funds –

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

General Fund –

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

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

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

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

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

ST. MARY PARISH LIBRARY

Notes to Financial Statements (continued)

D. Capital Assets

All capital assets purchased or acquired with an original cost of \$1,500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

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

E. Equity Classifications

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

1. Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted - consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted - all other net assets that do not meet the definition of "restricted" or "net investment in capital assets."

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

1. Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
2. Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
3. Committed - amounts that can be used only for specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Control is the highest level of decision-making authority for the Library. Commitments may be established, modified, or rescinded only through formal actions approved by the Board.

ST. MARY PARISH LIBRARY

Notes to Financial Statements (continued)

4. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Library’s adopted policy, only the Board of Control may assign amounts for specific purposes.
5. Unassigned – all other spendable amounts.

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

F. Interest Bearing Deposits

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

G. Compensated Absences

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

H. Use of Estimates

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

(2) Cash and Interest- Bearing Deposits

Under state law, the Library may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Library may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2017, the Library has cash (book balances) totaling \$4,181,093, as follows:

Demand deposits	<u>\$ 4,181,093</u>
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ST. MARY PARISH LIBRARY

Notes to Financial Statements (continued)

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

Deposit balances (bank balances) at December 31, 2017, are secured as follows:

Bank balances	<u>\$ 4,260,860</u>
Federal deposit insurance	\$ 250,000
Uninsured and collateralized by pledged securities	<u>4,010,860</u>
Total federal insurance and pledged securities	<u>\$ 4,260,860</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Library's deposits may not be recovered, or the Library will not be able to recover collateral securities that are in the possession of an outside party. The Library does not have a policy to monitor or attempt to reduce exposure to custodial credit risk. As of December 31, 2017, deposits in the amount of \$4,010,860 were exposed to custodial credit risk since the deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent but not in the Library's name.

(3) Ad Valorem Taxes

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

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

For the year ended December 31, 2017, taxes of 5.72 mills were levied on property with net assessed valuations totaling \$456,760,784 and were dedicated to paying the administrative, operative and maintenance expenditures for the Library.

Total taxes levied during 2017 were \$2,612,628. Taxes receivable at December 31, 2017 consists of \$2,428,546 of which 2 percent of taxes levied or \$52,253 is considered uncollectible.

ST. MARY PARISH LIBRARY

Notes to Financial Statements (continued)

(4) Due from Other Governmental Units

The following is a summary of amounts due from other governmental units at December 31, 2017:

	<u>Governmental Activities</u>
Due from -	
St. Mary Parish Tax Collector	<u>\$ 40,024</u>

(5) Capital Assets

Capital asset activity for the year ended December 31, 2017 was as follows:

	<u>Balances, Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances, End of Year</u>
Assets not being depreciated:				
Land	<u>\$ 295,111</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 295,111</u>
Capital assets being depreciated				
Books	1,125,126	224,695	(191,930)	1,157,891
Buildings and improvements	6,462,069	-	-	6,462,069
Furniture and equipment	<u>794,836</u>	<u>44,627</u>	-	<u>839,463</u>
Total capital assets being depreciated	<u>8,382,031</u>	<u>269,322</u>	<u>(191,930)</u>	<u>8,459,423</u>
Less accumulated depreciation				
Books	(361,153)	(161,308)	191,930	(330,531)
Buildings and improvements	(1,511,427)	(170,005)	-	(1,681,432)
Furniture and equipment	<u>(644,728)</u>	<u>(77,680)</u>	-	<u>(722,408)</u>
Total accumulated depreciation	<u>(2,517,308)</u>	<u>(408,993)</u>	<u>191,930</u>	<u>(2,734,371)</u>
Capital assets being depreciated, net	<u>5,864,723</u>	<u>(139,671)</u>	-	<u>5,725,052</u>
Capital assets, net	<u>\$ 6,159,834</u>	<u>\$ (139,671)</u>	<u>\$ -</u>	<u>\$ 6,020,163</u>

Depreciation expense in the amount of \$408,993 was charged to culture and recreation.

ST. MARY PARISH LIBRARY

Notes to Financial Statements (continued)

(6) Retirement Commitments

Parochial Employees' Retirement System of Louisiana (PERS) is the administrator of a cost sharing multiple employer defined benefit pension plan. PERS was established and provided for by RS 11:1901 of the Louisiana Revised Statute (LRS). Act 765 of the year 1979, established by the Legislature of the State of Louisiana, revised PERS to create Plan A and Plan B to replace the "regular plan" and the "supplemental plan". Plan A was designated for employers out of Social Security. Plan B was designated for those employers that remained in Social Security on the revision date. PERS provides retirement benefits to employees of taxing districts of a parish or any branch or section of a parish within the State which does not have their own retirement system and which elects to become members of PERS.

Retirement Benefits

Any member of Plan A hired prior to January 1, 2007 can retire providing he/she meets one of the following criteria: any age with thirty (30) or more years of creditable service; age 55 with twenty-five (25) years of creditable service; age 60 with a minimum of ten (10) years of creditable service; age 65 with a minimum of seven (7) years of creditable service. For employees hired after January 1, 2007, he/she must meet the following criteria to retire: age 55 with 30 years of service; age 62 with 10 years of service; age 67 with 7 years of service. Generally, the monthly amount of the retirement allowance of any member of Plan A shall consist of an amount equal to three percent of the member's final average compensation multiplied by his/her years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

Disability Benefits

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

Survivor Benefits

Upon the death of any member of Plan A with five (5) or more years of creditable service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children, as outlined in the statutes. Any member of Plan A, who is eligible for normal retirement at time of death, the surviving spouse shall receive an automatic Option 2 benefit, as outlined in the statutes.

Deferred Retirement Option Plan

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the Retirement System. DROP is an option for that member who is eligible for normal retirement. In lieu of terminating employment and accepting a service retirement, any member of Plan A who is eligible to retire may elect to participate in the Deferred Retirement Option Plan (DROP) in which they are enrolled for three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable, but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected

ST. MARY PARISH LIBRARY

Notes to Financial Statements (continued)

to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account. Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date.

For individuals who become eligible to participate in 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 PERS, 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 PERS, 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.

Cost of Living Adjustments

The Board is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age sixty-five equal to 2% of the member's benefit paid on October 1, 1977, (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older. (RS 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

Employer Contributions

According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2016, the actuarially determined contribution rate was 10.52% of member's compensation for Plan A. However, the actual rate for the fiscal year ending December 31, 2016 was 13.00% for Plan A. The actual rate differs from the actuarially required rate due to state statutes that require the contribution rate be calculated and set two years prior to the year effective.

Non-employer Contributions

According to state statute, PERS also receives 1/4 of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. PERS 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.

ST. MARY PARISH LIBRARY

Notes to Financial Statements (continued)

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

At December 31, 2017, the Library reported liabilities in its financial statements of \$358,957 for its proportionate share of the net pension liabilities of PERS. The net pension liabilities were measured as of December 31, 2016 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 liability was based on a projection of the Library's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2016, the Library's proportional share of PERS was 0.174292%, which was a decrease of 0.016102% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the Library recognized a net pension expense of \$209,082 in its activities.

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

	<u>Governmental Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 62,814
Changes in Assumption	68,150	-
Net difference between projected and actual earnings on pension plan investments	278,564	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	(6,765)	1,728
Employer contributions subsequent to the measurement date	<u>131,326</u>	<u>-</u>
	<u>\$ 471,275</u>	<u>\$ 64,542</u>

ST. MARY PARISH LIBRARY

Notes to Financial Statements (continued)

The \$131,326 reported as deferred outflows of resources related to pensions resulting from the Library's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	
2017	\$ 101,374
2018	108,621
2019	72,940
2020	<u>(7,528)</u>
	<u>\$ 275,407</u>

Actuarial Assumptions

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

	<u>Parochial Employees' Retirement System of Louisiana Plan A</u>
Valuation Date	December 31, 2016
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	7.00%, net of investment expense
Projected Salary Increases	5.25% (2.50% Inflation, 2.75% Merit)
Mortality Rates	RP-2000 Employee Sex Distinct Table was selected for employees. RP-2000 Healthy Annuitant Sex Distinct Tables were selected for annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.
Expected Remaining Service Lives	4 years
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees.

ST. MARY PARISH LIBRARY

Notes to Financial Statements (continued)

The discount rate used to measure the total pension liability was 7.00% for Plan A. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current 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, PERS'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 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.66% for the year ended December 31, 2016.

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 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 PERS's liabilities. The RP-2000 Healthy Annuitant Mortality Sex Distinct Tables (set forward two years for males and set forward one year for females) projected to 2031 using Scale AA was selected for annuitants and beneficiaries. For disabled annuitants, the RP-2000 Disabled Lives Mortality Table set back 5 years for males and 3 years for females was selected. For active employees, the RP-2000 Employee Sex Distinct Tables set back 4 years for males and 3 years for females was used.

Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of December 31, 2016 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate Of Return
Fixed Income	35%	1.24%
Equity	52%	3.63%
Alternatives	11%	0.67%
Real assets	2%	0.12%
Totals	100%	5.66%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.66%

ST. MARY PARISH LIBRARY

Notes to Financial Statements (continued)

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.00%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.00% or one percentage point higher 8.00% than the current rate.

	Changes in Discount Rate:		
	2016		
	1%	Current	1%
	Decrease	Discount	Increase
	6.00%	7.00%	8.00%
Net Pension Liability	<u>\$ 1,073,784</u>	<u>\$ 358,957</u>	<u>\$ (245,451)</u>

Changes in Net Pension Liability

The changes in the net pension liability for the year ended December 31, 2017 were recognized in the current reporting period as pension expense except as follows:

- a. Differences between expected and actual experience – Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in a deferred inflow of resources in the amount of \$62,814 for the year ended December 31, 2017.
- b. Differences between projected and actual investment earnings – Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in a deferred outflow of resources in the amount of \$278,564 for the year ended December 31, 2017.
- c. Change in proportion – Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense/(benefit) using a the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. The change in proportion resulted in a deferred outflow of \$(8,493) for the year ended December 31, 2017.
- d. Change in Assumptions – Changes of assumptions about future economic or demographic factors were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The change in proportion resulted in a deferred outflow of \$68,150 for the year ended December 31, 2017.

ST. MARY PARISH LIBRARY

Notes to Financial Statements (continued)

Pension Plan Fiduciary Net Positions

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for PERS available at www.persla.org.

(7) Fund Balance

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

	<u>General</u>
Fund balance:	
Nonspendable -	
Prepaid items	\$ 16,459
Unassigned	<u>6,120,273</u>
Total fund balance	<u>\$ 6,136,732</u>

(8) Board of Control

Members of the Board of Control during the year ended December 31, 2017 are as follows:

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

No compensation was paid to these individuals during the year.

ST. MARY PARISH LIBRARY

Notes to Financial Statements (continued)

(9) Compensation and Other Payments to Executive Director

Act 706 of the 2014 Legislative Session amended R.S. 24:513A requiring additional disclosure of total compensation, reimbursements, benefits, or other payments made to an agency head or chief officer. Expenses paid to Julie Champagne for the year ended December 31, 2017 are as follows:

Salary	\$ 80,018
Benefits - Insurance	7,292
Benefits - Retirement	10,002
Expense reimbursement	40
Conference travel	<u>2,152</u>
Total	<u>\$ 99,504</u>

(10) Risk Management

The Library is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Library has elected to purchase insurance coverage through the commercial insurance market to cover its exposure to loss. The Library is insured up to policy limits for each of the above risks. There were no significant changes in coverage's, retentions, or limits during the year ended December 31, 2017. Settled claims have not exceeded the commercial coverage's in any of the previous three fiscal years.

(11) Prior Period Adjustment

During the fiscal year ended December 31, 2016, on-behalf payments to state-administered pension plans by third parties were improperly accrued. Therefore, the following adjustment is required to restate net position and fund balance in the current year:

	As Previously Reported	Adjustments	As Restated
Government-wide financial statements:	<u>12,767,322</u>	<u>(93,934)</u>	<u>12,673,388</u>
Governmental Activities			
Fund financial statements:			
General Fund	6,235,981	(93,934)	6,142,047

REQUIRED SUPPLEMENTARY INFORMATION

ST. MARY PARISH LIBRARY
General Fund
Budgetary Comparison Schedule
Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Non-GAAP Basis)	Final Budget Positive (Negative)
Revenues:				
Taxes-ad valorem	2,650,000	2,620,690	\$ 2,562,098	\$ (58,592)
Intergovernmental:				
State revenue sharing	56,000	59,785	59,869	84
Miscellaneous:				
Interest and investment earnings	15,000	8,500	8,484	(16)
Other sources	49,000	61,550	51,686	(9,864)
Total revenues	<u>2,770,000</u>	<u>2,750,525</u>	<u>2,682,137</u>	<u>(68,388)</u>
Expenditures:				
Culture and recreation -				
Current :				
Ad valorem tax deductions	93,713	93,713	84,656	9,057
Insurance	79,315	81,796	81,796	-
Library materials - non capital	91,500	79,117	83,666	(4,549)
Materials and supplies	133,000	120,725	133,802	(13,077)
Miscellaneous	15,050	14,846	14,247	599
Operating services	34,900	82,415	79,490	2,925
Repairs and maintenance	139,000	145,192	142,667	2,525
Salaries and benefits	1,610,300	1,590,483	1,566,971	23,512
Telephone and utilities	154,000	126,435	132,387	(5,952)
Travel and other charges	25,000	21,500	20,017	1,483
Capital outlay:				
Books	263,000	225,000	224,695	305
Buildings and improvements	-	-	7,200	(7,200)
Furniture and equipment	100,000	47,173	37,427	9,746
Land	25,000	-	-	-
Total expenditures	<u>2,763,778</u>	<u>2,628,395</u>	<u>2,609,021</u>	<u>19,374</u>
Net change in fund balance	6,222	122,130	73,116	(49,014)
Fund balance, beginning	<u>6,235,981</u>	<u>6,235,981</u>	<u>6,142,047</u>	<u>(93,934)</u>
Fund balance, ending	<u>\$ 6,242,203</u>	<u>\$ 6,358,111</u>	<u>\$ 6,215,163</u>	<u>\$ (142,948)</u>

ST. MARY PARISH LIBRARY

Notes to Budgetary Comparison Schedule

(1) Basis of Accounting

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

(2) Budgetary Practices

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

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

(3) Non-GAAP Reporting Reconciliation

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

	As Reported	Adjustment to Budgetary Basis	Non-GAAP Basis
Revenues:			
Taxes-ad valorem	<u>\$2,483,667</u>	<u>\$ 78,431</u>	<u>\$ 2,562,098</u>

ST. MARY PARISH LIBRARY

Schedule of Employer's Share of Net Pension Liability
Year Ended December 31, 2017

Year Ended Dec 31	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset) (a)	Employer's Covered Employee Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.180284%	\$ 49,291	1,027,210	4.80%	99.15%
2015	0.190394%	\$ 501,172	1,001,567	50.04%	92.23%
2016	0.174292%	\$ 358,957	1,033,649	34.73%	94.15%

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

ST. MARY PARISH LIBRARY

Schedule of Employer Contributions
Year Ended December 31, 2017

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

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

ST. MARY PARISH LIBRARY

Note to Retirement System Schedules
Year Ended December 31, 2017

Parochial Employees' Retirement System

Changes of assumptions – The changes of assumptions about future economic or demographic factors were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan for the year ended December 31, 2017.

Change in Proportion – Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. The unamortized amounts arising from changes in proportion are presented as deferred outflows or deferred inflows for the year ended December 31, 2017.

INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

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

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

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

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

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

Board of Control
St. Mary Parish Library
Franklin, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the St. Mary Parish Library ("Library"), a component unit of the Parish of St. Mary, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements, and have issued our report thereon dated May 24, 2018.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control that we consider to be a material weakness and which is described in the accompanying schedule of audit results and findings as item 2017-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of audit results and findings as item 2017-002.

Library's Response to Findings

The Library's responses to the finding identified in our audit are described in the accompanying corrective action plan for current audit findings. We did not audit the Library's responses and, accordingly, we express no opinion on them.

Purpose of this Report

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
May 24, 2018

ST. MARY PARISH LIBRARY

Summary Schedule of Prior Audit Findings
Year Ended December 31, 2017

A. Internal Control

2016-001 – Segregation of Duties:

CONDITION: Accounting and financial functions are not adequately segregated.

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

CURRENT STATUS: See schedule of audit results and findings, item 2017-001.

B. Compliance

No items previously reported under this section.

C. Management letter

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

ST. MARY PARISH LIBRARY

Schedule of Audit Results and Findings
Year Ended December 31, 2017

Part I. Summary of Auditor's Results

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

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

An instance of noncompliance required to be reported in accordance with *Governmental Auditing Standards* was disclosed by the audit of the financial statements.

A management letter was not issued.

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

2017-001 Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

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

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

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

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

2017-002 Failure to Publish Minutes

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

CRITERIA: RS 42:20 states that all public bodies shall keep written minutes of all open meetings. It further states that the minutes shall be public records and shall be available within a reasonable period of time after the meeting and published in the public body's official journal.

ST. MARY PARISH LIBRARY

Schedule of Audit Results and Findings (continued)
Year Ended December 31, 2017

CAUSE: Minutes were not published in the official journal within a reasonable period of time.

EFFECT: The failure to publish minutes within a reasonable period of time after the open meeting may be violative of RS 42:20 and 43:171.

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

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

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

ST. MARY PARISH LIBRARY

Corrective Action Plan for Current Audit Findings
Year Ended December 31, 2017

2017-001 - Segregation of Duties:

CONDITION: Accounting and financial functions are not adequately segregated.

MANAGEMENT'S RESPONSE: Not considered necessary.

2017-002 - Failure to Publish Minutes

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

MANAGEMENT'S RESPONSE: See management's written response to current audit findings.

MANAGEMENT'S WRITTEN RESPONSE TO CURRENT AUDIT FINDINGS

APPENDIX A



ST. MARY PARISH LIBRARY SYSTEM

Alex Allain-Franklin ♦ Amelia ♦ Bayou Vista ♦ Berwick ♦ Centerville ♦ Patterson ♦ West End-Baldwin

Julie W. Champagne, Director
206 Iberia Street
Franklin, Louisiana 70538-4906
Phone: 337-828-1624
Fax: 337-828-2329

BOARD OF CONTROL
Mrs. Mary B. Bailey, Chair
Mr. Don T. Caffery
Mrs. Cherie H. Laiche
Mrs. Jane Luke
Mr. Ken Singleton
Mrs. Karla Vappie
Mr. Jason Watson
Mrs. Lucy R. Watson

May 29, 2018

To whom it my concern:

Both the Director and the Business Manager were under the impression that minutes could not be published in the official journal until they were approved. We will correct this immediately with the June 6, 2018 meeting. This will not be an issue in the future. Traditionally the Director writes the minutes and the Business Manager publishes them. Both will respond to this task per audit suggested guidelines.

Sincerely,

Julie W. Champagne, Director
St. Mary Parish Library System

**A.P. ALLAIN
MEMORIAL
BRANCH**
206 Iberia Street
Franklin, LA 70538
337-828-5364

**AMELIA
BRANCH**
P. O. Box 556
Amelia, LA
70340
985-631-2262

**BAYOU VISTA
BRANCH**
1325 Belleview Drive
Morgan City, LA
70380
985-399-9866

**BERWICK
BRANCH**
3527 Fourth St.
Berwick, LA
70342
985-385-2943

**CENTERVILLE
BRANCH**
P. O. Box 185
Centerville, LA
70522
337-836-1717

**PATTERSON
BRANCH**
P. O. Box 57
Patterson, LA
70392
985-395-2777

**WEST END
BRANCH**
P. O. Box 309
Baldwin, LA
70514
337-923-6205

ST. MARY PARISH LIBRARY

Statewide Agreed-Upon Procedures

Fiscal period January 1, 2017 through December 31, 2017

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
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Brad E. Kolder, CPA, JD*
Stephen J. Anderson, CPA*
Christine C. Doucet, CPA
Wanda F. Arcement, CPA, CVA
Bryan K. Joubert, CPA
Matthew E. Margaglio, CPA
Casey L. Ardoin, CPA, CFE

P. O. Box 3438
Morgan City, LA 70381

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

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

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

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

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

* A Professional Accounting Corporation

WWW.KCSRPCAS.COM

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

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

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

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

The procedures and associated exceptions are as follows:

Written Policies and Procedures

1. Obtain the Library's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the Library does not have any written policies and procedures), as applicable:

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

Library does not have any written policies and procedures that address the functions noted above.

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

Library does not have any written policies and procedures that address the functions noted above.

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

Library does not have any written policies and procedures that address the functions noted above.

- d) **Receipts**, including receiving, recording, and preparing deposits.

Library does not have any written policies and procedures that address the functions noted above.

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

Written policies and procedures were obtained and address the functions noted above with the exception of payroll processing.

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

Library does not have any written policies and procedures that address the functions noted above.

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

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

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

Written policies and procedures were obtained and address the functions noted above with the exception of dollar threshold by category of expense.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the Library's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

Library does not have any written policies and procedures that address the functions noted above.

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

Library does not have any written policies and procedures that address the functions noted above.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

Obtained and reviewed minutes of the Library for the fiscal period noting that the board met in accordance with their enabling legislation.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the Library's prior audit (GAAP-basis).

Minutes include reference to budget-to-actual comparisons.

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

Budget-to-actual comparisons did not indicate deficit spending.

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

Minutes included references to non-budgetary financial information for at least one meeting during the fiscal period.

Bank Reconciliations

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

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

4. Using the listing provided by management, select all of the Library's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Obtained bank statements and/or reconciliations for all months in the fiscal period for one (1) bank account noting that reconciliations have been prepared for all months.

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

Obtained bank statements and/or reconciliations for all months in the fiscal period for one (1) bank account noting no evidence of management's review of reconciliations prepared by accounting firm.

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

Obtained bank statements and/or reconciliations for all months in the fiscal period for one (1) bank account noting no evidence of researching reconciling items that have been outstanding for more than six (6) months as of the end of the fiscal period.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

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

6. Using the listing provided by management, select all of the Library's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

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

Seven (7) collection locations were identified. Three (3) locations were selected for testing. At the collection locations tested, the person responsible for collecting cash was not –

- *Responsible for depositing cash in the bank.*
- *Responsible for recording the deposit.*
- *Responsible for reconciling the bank statement.*

Individuals responsible for collecting cash were not bonded.

With the exception of one location, employees are required to share the same cash register/drawer.

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

The Library has a formal process to reconcile cash collections to the general ledger by a person who is not responsible for cash collections.

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

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

Four (4) deposits were tested and all were made within one day of collection.

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

Collection documentation was obtained and each collection is completely supported.

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

The Library has a process specifically defined to determine completeness of all collections by a person who is not responsible for collections.

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

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

Obtained general ledger from management and sorted for disbursements. Obtained management's representation that the listing is complete.

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

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

Examined supporting documentation for each of the twenty-five (25) disbursements selected and found that all purchases were initiated without using a purchase requisition/order system.

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

Examined supporting documentation for each of the twenty-five (25) disbursements selected noting no purchase orders, or electronic equivalent, were initiated.

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

Examined supporting documentation for each of the twenty-five (25) disbursements selected noting none of the selected payments were processed having an approved requisition and/or purchase order, however, all disbursements were completely supported by an invoice or equivalent, which indicated receipt of the goods or services purchased.

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

Library has no written documentation prohibiting the individual responsible for processing payments from adding vendors to the purchasing/disbursement system.

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

Written policies and/or procedures do not prohibit individuals with signatory authority from also initiating and/or recording purchases.

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

The supply of unused checks is stored in a locked location and with access restricted to those who do not have signatory authority.

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

Signature stamp or signature machine is not used.

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

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

Obtained listing of active credit cards, bank debit cards, fuel cards, and P-cards, including card numbers and name of the individuals maintaining possession of the cards from management and management's representation that the listing is complete.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the Library has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Randomly selected three (3) cards from the listing of seven (7) cards provided by management.

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

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

Monthly statement was obtained. Monthly statement for the one (1) card selected for testing evidenced review and approval, in writing, by someone other than the authorized cardholder.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

Finance charges and/or late fees were not observed on the statements.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

Two (2) transactions appearing on the selected statements were not supported by an original itemized receipt that precisely identified what was purchased.

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

Multiple transactions included in the testing sample did not include documentation of the public purpose or individuals attending the meal.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

No other documentation was required by written policy.

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

Library does not have written purchasing/disbursement policies. There were no noted credit card purchases requiring compliance with the Public Bid Law.

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

Multiple transactions included in the testing sample did not include documentation of the public purpose or individuals attending the meal.

Travel and Expense Reimbursement

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

Obtained general ledger and sorted for travel and related expense reimbursements, by person, during the fiscal period, and obtained management's representation that the listing is complete.

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

The Library's written policies related to travel and expense reimbursements are in accordance with per diem and mileage rates established by the U.S. General Services Administration.

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

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

The Library's written policies related to travel and expense reimbursements are in accordance with per diem and mileage rates established by the U.S. General Services Administration.

- b) Report whether each expense is supported by:

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

Three (3) items selected for testing were supported by an original itemized receipt that identifies precisely what was purchased.

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

Three (3) items selected for testing were supported by documentation of the business/public purpose.

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

Three (3) items selected for testing were supported by other documentation as required by written policy.

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

Nature of the expenses reimbursed and related supporting documentation were not obscured. All reimbursements tested appear compliant with Article 7, Section 14 of the Louisiana Constitution.

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

Reimbursement requests and related documentation do not evidence review and approval, in writing, by someone other than the individual receiving the reimbursement.

Contracts

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

Obtained listing of all contracts in effect during the fiscal period and management's representation that the listing is complete.

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

Listing provided by Library included seven (7) contracts. The five (5) highest paid contracts were selected for testing.

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

Payments to vendors were supported by a written agreement describing the services to be provided and the fees to be charged.

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

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

None of the contracts selected were subject to Public Bid Law and complied with associated legal requirements.

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

No documentation was provided to indicate that the Library solicited quotes as a best practice.

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

None of the contracts tested were amended.

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

Obtained supporting invoices and/or progress payment request for the largest payment of each of the five (5) contracts selected for testing and compared to the contract terms. All invoices and related payments tested appear compliant with the terms and conditions of the contract.

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

All contracts selected for testing were documented in the minutes as approved by the Library.

Payroll and Personnel

- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete.

Obtained a listing of employees with their related salaries from management and management's representation that the listing is complete.

Randomly select five employees/officials, obtain their personnel files, and:

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

Compensation paid to the individuals tested were made in accordance with Library's pay rates or contract for employment without exception.

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

Changes to hourly pay rates during the fiscal period were approved in writing.

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

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

Employees selected documented their daily attendance and leave. There are no elected officials for which daily attendance and leave records are required.

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

Daily attendance and leave records evidenced approval of supervisory personnel. There are no elected officials for which daily attendance and leave records are required.

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

Leave records for Library personnel are maintained in writing and/or electronically.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Obtained a listing of employees that terminated during the fiscal period from management and management's representation that the listing is complete. No individuals received a termination payment during the fiscal period.

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

There were no exceptions regarding the deposit and/or payment of the employer and employee portions of payroll taxes. Retirement contribution reports for Quarter 2 (May and June) were submitted after the required deadline.

Ethics (excluding nonprofits)

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

No exceptions regarding ethics compliance documentation was noted.

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

Management asserted that there were no allegations of ethics violation reported during the fiscal period.

Debt Service (excluding nonprofits)

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

The Library did not issue debt during the fiscal period.

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

The Library did not have any outstanding debt for the fiscal period.

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

The Library does not have tax millages relating to debt service.

Other

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

Management asserted that there were no misappropriations of public funds or assets during the fiscal period.

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

Notice required by RS 24:523.1 was posted on the Library's premises. The notice was not posted on the Library's website.

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

No exceptions to management's representations.

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

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

Kolder, Slaven & Company, LLC
Certified Public Accountants