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**AUDUBON REGIONAL LIBRARY**  
**ANNUAL FINANCIAL STATEMENTS**  
**WITH INDEPENDENT AUDITOR'S REPORT**  
**YEAR ENDED DECEMBER 31, 2017**

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AUDUBON REGIONAL LIBRARY  
ANNUAL FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017  
TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report on Financial Statements	1-2
Management's Discussion and Analysis	3-8
<u>Basic Financial Statements</u>	
<u>Government Wide Financial Statements</u>	
Statement of Net Position	9
Statement of Activities	10
<u>Fund Financial Statements</u>	
Balance Sheet - Government Funds	11
Reconciliation of the Balance Sheet-Governmental Funds To the Statement of Net Position	12
Statement of Revenues, Expenditures, and Changes in Fund Balance-Governmental Funds	13-14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds to the Statement of Activities	15
Notes to Financial Statements	16-31
Statement of Special Revenue Funds	32-34
<u>Required Supplemental Information</u>	
Budgetary Comparison Schedule - General Fund	35-36
Schedule of Employer's Share of Net Pension Liability	37-38
Schedule of Compensation, Benefits & Other Payments to Agency Head	39
<u>Supplemental Information</u>	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	40-41
Schedule of Audit Findings	42-43
Statewide Agreed Upon Procedures	44-57

# **MC DUFFIE K. HERROD, LTD.**

**(A Professional Accounting Corporation)**

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## **Independent Auditor's Report**

Board of Commissioners  
Audubon Regional Library  
Clinton, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the major fund of the Audubon Regional Library, as of December 31, 2017, and for the year then ended, and the related notes to the financial statements, which collectively comprise the Audubon Regional Library's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Audubon Regional Library's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Audubon Regional Library's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

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

## **Other Matters**

### *Required Supplementary Information*

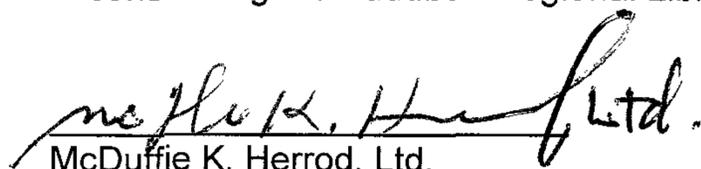
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 and the budgetary comparison information on pages 35 through 36 be presented to supplement the basic financial statements. Such information, although not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

### *Other Information*

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

## **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, We have issued a report dated June 20, 2018, on our consideration of the Audubon Regional Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Audubon Regional Library's internal control over financial reporting and compliance.



McDuffie K. Herrod, Ltd.

A Professional Accounting Corporation

June 20, 2018

## **MANAGEMENT DISCUSSION AND ANALYSIS**

**AUDUBON REGIONAL LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2017**

As management of the Audubon Regional Library (here after referred to as the Library), we offer readers of the Library's financial statements this narrative overview and analysis of the financial activities of the Library for the year ended December 31, 2017. The emphasis of discussions about these statements will be on current year data and should be read in conjunction with the financial report as a whole.

**FINANCIAL HIGHLIGHTS**

- The Audubon Regional Library is a two-parish public library system that was organized in 1963. The rural parishes of East Feliciana and St. Helena share administration costs, mobile library services and library collections to provide enhanced library and information services to the 29,775 residents of the combined parish areas. The Library serves both parishes with a headquarters library located in Clinton and two branches in Jackson and Greensburg.
- The Library budget is advertised, subject to public review, approved by the Library Board of Commissioners in December of the previous year. Financial reports are reviewed and revised quarterly throughout the year. The Auditor reports to the Board at the conclusion of the audit and makes recommendations, as needed, for improvement.
- In 2017, the Library circulated 21,686 items and hosted 174 programs with 1,841 in attendance. The Library has increased its outreach programming to area Head Starts, schools, and senior centers to provide needed services within their communities.
- In 2017, the Library had 1,117 active borrowers, adding 538 during the year.
- The Library recorded 7,322 patrons using electronic resources and 11,988 patrons accessed wireless services. Our staff provided advice and support to help our patrons to find jobs, register for food stamps, file taxes, and keep up with unemployment. The staff answered 10,876 reference questions.
- The Library's single most pressing problem is space. Our Libraries have no storage, meeting room, or shelf space. Computer space is minimal, which limits the number of computers that are available for public use.
- In 2017, the Library staff was composed of 7 full time positions with benefits and 7 part time positions.

**AUDUBON REGIONAL LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2017**

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

**Government-wide Statements**

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

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

**AUDUBON REGIONAL LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2017**

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

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

**Fund Financial Statements**

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

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

**AUDUBON REGIONAL LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2017**

**FINANCIAL ANALYSIS OF THE LIBRARY AS A WHOLE**

Net Position. The Library's combined net position increased between fiscal years 2016 and 2017. (See Table 1 below)

**Table 1  
Library's Net Position**

	Governmental Activities	
	2016	2017
Current and other assets	\$1,227,796	\$1,334,831
Capital assets, net	358,768	323,902
Deferred outflows – pension	59,052	16,208
Total Assets	\$1,645,616	\$1,674,941
Current liabilities	43,351	38,772
Deferred inflows	8,775	4,049
Long term liabilities	142,074	121,040
Total Liabilities	\$ 194,200	\$ 163,861
Net Position:		
Invested in capital assets, net of depreciation	\$ 358,768	\$ 323,902
Restricted	243,981	247,652
Unrestricted	848,667	936,526
Total net position	\$1,451,416	\$1,508,080

**FINANCIAL ANALYSIS OF THE LIBRARY AS A WHOLE**

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

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

**AUDUBON REGIONAL LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2017**

**Governmental Activities**

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

	Governmental Activities	
	2016	2017
Revenues		
Program Revenues		
Charges for services	\$ 14,498	\$ 10,539
E-Rate and grants	73,176	54,718
Donations – Building Fund	0	0
Other Revenues	522,697	541,175
Total Revenues	\$ 610,371	\$ 606,432
Expenses		
General	\$ 613,421	\$ 549,768
Governmental		
Total Expenses	613,421	549,768
Increase in net position	\$ (3,050)	\$ 56,664

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

	Governmental Activities	
	2016	2017
Library Services	\$ 553,075	\$ 491,445
	\$ 553,075	\$ 491,445

**FINANCIAL ANALYSIS OF THE LIBRARY'S FUNDS**

As the Library completed the year, its governmental funds reported a combined fund balance of \$1,508,080 reflecting an increase over the prior year. All, but \$247,652 of this fund balance is unrestricted and unassigned.

**General Fund Budgetary Highlights**

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

**AUDUBON REGIONAL LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2017**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of the year, the Library has invested \$321,993 in capital assets. (See Table 4).

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

	Governmental Activities	
	2016	2017
Vehicles	\$ 24,812	\$ 21,976
Buildings	146,020	148,052
Furniture and equipment	37,698	15,943
Library books	150,238	137,931
<b>Total</b>	<u>\$ 358,768</u>	<u>\$ 323,902</u>

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Approximately 80 percent of the Library's revenues are derived from an ad valorem tax on the voters of each parish. The Parish Police Juries must approve the Library's millage rates for collection of the ad valorem taxes each year. The economy is not expected to generate any significant growth in assessment values. Neither library fees nor grant income is expected to increase; therefore, future revenues are expected to remain consistent with the current year. The budget for the year 2018 should approximate the same as the year's 2017 budget.

**CONTACTING THE LIBRARY'S FINANCIAL MANAGEMENT**

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

**BASIC FINANCIAL STATEMENTS**  
**(OVERVIEW)**

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

AUDUBON REGIONAL LIBRARY  
Statement of Net Position  
December 31, 2017

	<u>Governmental Activities</u>
<u>Current Assets</u>	
Cash and cash equivalents	\$ 240,334
Investments	519,425
Receivables	545,348
Prepaid expenses	29,724
Total Current Assets	<u>1,334,831</u>
<u>Non Current Assets</u>	
Capital assets, net of depreciation	323,902
<u>Deferred Outflows</u>	
Pension Related	16,208
Total Assets and Deferred Outflows	<u><u>1,674,941</u></u>
<u>Liabilities</u>	
Accounts payable and accrued expenses	34,175
Intergovernmental payable	4,597
<u>Long Term Liabilities</u>	
Building Lease	96,000
Net Pension Liability	28,040
<u>Deferred Inflows</u>	
Grant Related	-
Pension Related	4,049
Total Liabilities and Deferred Inflows	<u>166,861</u>
<u>NET POSITION</u>	
Invested in capital assets	323,902
Restricted - Building fund	247,652
Unassigned	936,526
Total Net Position	<u><u>\$ 1,508,080</u></u>

The accompanying notes are an integral part of this statement

AUDUBON REGIONAL LIBRARY  
Statement of Activities  
For the Year Ended December 31, 2017

Culture and recreation:	
Personal services	\$ 309,196
Operating services	147,607
Materials and supplies	16,215
Subscriptions & Periodicals	18,427
Depreciation expense	58,323
Total Program Expenses	<u>549,768</u>
Program revenues:	
Fines and forfeitures	1,803
Fees and charges for Library services	10,539
Total Program Revenue	<u>12,342</u>
Net Program Expenses	<u>537,426</u>
General revenues:	
Taxes - ad valorem	485,857
Intergovernmental:	
State revenue sharing	43,112
State aid revenue	-
Local grants	4,841
Interest earned	4,262
Other revenue	688
E-Rate reimbursements	54,718
Donations - Gifts	193
Donations - Programs	419
Total general revenues	<u>594,090</u>
Change in Net Position	56,664
Net Position - Beginning of year	<u>1,451,416</u>
Net Position - End of year	<u><u>\$ 1,508,080</u></u>

The accompanying notes are an integral part of this statement

## **FUND FINANCIAL STATEMENTS**

AUDUBON REGIONAL LIBRARY  
Balance Sheet  
Governmental Funds  
December 31, 2017

	<u>Governmental Fund Types</u>		Total (Memorandum) (Only)
	<u>General Fund</u>	<u>Special Revenue Fund</u>	
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 240,334		\$ 240,334
Investments, at amortized cost	271,773	247,652	519,425
Receivables	545,348		545,348
Prepaid Expenses	29,724		29,724
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 1,087,179</u>	<u>\$ 247,652</u>	<u>\$ 1,334,831</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</u>			
<u>Liabilities</u>			
Accounts payable & accrued liabilities	\$ 34,175		34,175
Building Lease	\$ 96,000		96,000
Intergovernmental payable	4,597		4,597
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>134,772</u>	<u>\$ -</u>	<u>\$ 134,772</u>
 <u>FUND BALANCE</u>			
Fund balance-reserved for building fund		247,652	247,652
Fund balance- unassigned	952,407		952,407
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Fund Balances	<u>952,407</u>	<u>\$ 247,652</u>	<u>\$ 1,200,059</u>
Total liabilities and Fund Balance	<u>\$ 1,087,179</u>	<u>\$ 247,652</u>	<u>\$ 1,334,831</u>

The accompanying notes are an integral part of this statement

AUDUBON REGIONAL LIBRARY  
Reconciliation of the Balance Sheet-Governmental Funds  
to the Statement of Net Position  
For the Year Ended December 31, 2017

Total fund balance - governmental funds	\$ 1,200,059
Amounts reported for governmental activities in the statement of net position are different because:	
Deferred Outflows - Pension Related	16,208
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the Balance sheet - governmental funds.	323,902
Deferred Inflows - Pension Related	(4,049)
Net Pension Liability	<u>(28,040)</u>
Total net position of governmental activities	<u>\$ 1,508,080</u>

The accompanying notes are an integral part of this statement

AUDUBON REGIONAL LIBRARY  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Governmental Funds  
Year Ended December 31, 2017

	General Fund	Special Revenue Funds	Total (Memorandum Only)
<b><u>REVENUES</u></b>			
Ad valorem taxes	\$ 485,857	\$ -	\$ 485,857
Intergovernmental revenues			
State revenue sharing	43,112		43,112
E-Rate revenue	54,718		54,718
State aid	-		-
Local grants	4,841		4,841
Interest earnings	3,122	1,140	4,262
Fees and charges for library services	10,539		10,539
Fines and forfeitures	1,803		1,803
Donations and gifts	193		193
Donations - Programs	419		419
Miscellaneous income	688		688
	<hr/>	<hr/>	<hr/>
<b><u>Total revenues</u></b>	<b>605,292</b>	<b>1,140</b>	<b>606,432</b>
<b><u>EXPENDITURES</u></b>			
Salaries and related benefits	309,196		309,196
Rents	10,200		10,200
Telephone & communication	63,646		63,646
Grant expense	4,454		4,454
Insurance	15,330		15,330
Intergovernmental	-		-
Utilities	14,535		14,535
Professional services	11,660		11,660
Bookmobile / Van	724		724
Travel	63		63
Repairs and maintenance	25,632		25,632
Materials and supplies	16,215		16,215
Subscriptions & periodicals	18,427		18,427
Capital outlay	23,458		23,458
Other Expenses	1,363		1,363
	<hr/>	<hr/>	<hr/>
<b><u>Total Expenditures</u></b>	<b>\$ 514,903</b>	<b>\$ -</b>	<b>\$ 514,903</b>

The accompanying notes are an integral part of this statement

AUDUBON REGIONAL LIBRARY  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Governmental Funds  
Year Ended December 31, 2017  
(Continued)

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Total (Memorandum) Only</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>\$ 90,389</u>	<u>\$ 1,140</u>	<u>\$ 91,529</u>
<u>FUND BALANCES AT BEGINNING OF YEAR</u>	<u>862,018</u>	<u>246,512</u>	<u>1,108,530</u>
<u>FUND BALANCES AT END OF YEAR</u>	<u><u>\$ 952,407</u></u>	<u><u>\$ 247,652</u></u>	<u><u>\$ 1,200,059</u></u>

The accompanying notes are an integral part of this statement

AUDUBON REGIONAL LIBRARY  
 Reconciliation of the Statement of Revenues, Expenditures,  
 and Changes in Fund Balances of Governmental  
 Funds to the Statement of Activities  
 For the Year Ended December 31, 2017

Net change in fund balances - total governmental funds \$ 91,529

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expenses. This is the amount which depreciation exceeded capital outlays in the current period.

Depreciation expense	(58,323)
Capital outlays	<u>23,458</u>
Change in net position of governmental activities	<u><u>\$ 56,664</u></u>

The accompanying notes are an integral part of this statement

AUDUBON REGIONAL LIBRARY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017

**INTRODUCTION**

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

**Note #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF PRESENTATION**

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

**REPORTING ENTITY**

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

- A. Appointing a voting majority of an organization's governing body and
  1. The ability of the police jury to impose its will on that organization, and/or
  2. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
  
- B. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.

AUDUBON REGIONAL LIBRARY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017

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

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

### **FUND ACCOUNTING**

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

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

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

#### General fund

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

AUDUBON REGIONAL LIBRARY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017

Special Revenue Funds

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

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

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

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

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

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

AUDUBON REGIONAL LIBRARY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017

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

**Revenues**

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

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

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

Substantially all other revenues are recorded when received.

**Expenditures**

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

**Other Financing Sources (Uses)**

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

**Budgets**

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

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

AUDUBON REGIONAL LIBRARY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017

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

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

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

### **Encumbrances**

The library does not use encumbrance accounting.

### **Cash and Cash Equivalents**

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

### **Investments**

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

### **Prepaid Expenses**

Prepaid expenses are comprised of payments made for cost that will benefit periods beyond December 31, 2017.

### **Capital Assets**

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

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

AUDUBON REGIONAL LIBRARY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017

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

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

### **Compensated Absences**

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

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

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

### **Restricted Assets**

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

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

### **Fund Equity**

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

### **Use of Estimates**

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

AUDUBON REGIONAL LIBRARY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017

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

**Bad Debts**

Uncollectible amounts due for ad valorem taxes and other revenues are recognized as bad debts at the time information becomes available which would indicate uncollectibility of the receivable. Although the specific charge-off method is not in conformity with generally accepted accounting principles (GAAP), no allowance for uncollectible receivables was made due to immateriality at December 31, 2017.

**Note #2 CASH AND CASH EQUIVALENTS**

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

At December 31, 2017, the library has cash and cash equivalents (book balances) totaling \$240,334. This total is comprised of \$239,858 in interest-bearing demand deposits

**Note #3 INVESTMENTS**

At December 31, 2017, investments are comprised of Time Certificates of Deposit and savings in the amount of \$519,425.

Investments are limited by law and the library's investment policies. The investments in time certificates of deposit is secured from risk by federal depository insurance and pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). Time Certificates of Deposit and savings in the amount of \$247,652 is restricted as part of the building funds.

At December 31, 2017, the unrestricted investment's amortized cost and the market value are \$271,773.

AUDUBON REGIONAL LIBRARY  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2017

**Note #4 RECEIVABLES**

The following is a summary of receivables at December 31, 2017

Ad valorem taxes	\$502,236
State revenue sharing	<u>43,112</u>
Total	<u>\$545,348</u>

**Note #5 CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended December 31, 2016 is as follows:

<u>Governmental</u> <u>Activities</u>	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
Vehicles & Equipment	\$ 28,357			\$ 28,357
Buildings	165,378			165,378
Furniture & Equipment	456,875			456,875
Library Collection	714,811	23,458		738,269
Total	<u>\$ 1,365,421</u>	<u>23,458</u>		<u>\$ 1,388,879</u>
Less accumulated depreciation:				
Vehicles	\$ 3,545	2,836		\$ 6,381
Buildings	8,430	8,896		17,326
Furniture & Equipment	431,743	9,190		440,933
Library Collection	562,935	37,401		600,336
Total	<u>\$ 1,006,653</u>	<u>58,323</u>		<u>\$ 1,064,976</u>

During 2017, the library incurred \$23,458 in capital outlay expenditures.

**Note #6 PENSION PLAN**

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

AUDUBON REGIONAL LIBRARY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017

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

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

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

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

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

Deferred Retirement Option Plan: Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the Retirement System. DROP is an option for that member who is eligible for normal retirement. In lieu of terminating employment and accepting a service retirement, any member of Plan B who is eligible to retire may elect to participate in the Deferred Retirement Option Plan (DROP) in which they are enrolled for 3 years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP fund.

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

AUDUBON REGIONAL LIBRARY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017

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

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

**Cost of Living Increases:** The Board is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age 65 equal to 2% of the member's benefit paid on October 1, 1977, (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older. (RS 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

**Employer Contributions:** According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2016, the actuarially determined contribution rate was 6.91% for member's compensation for Plan B. However, the actual rate for the fiscal year ending December 31, 2017 was 10.0% for Plan B. Members are required to contribute 3.0% of their annual covered salary and the library is required to contribute 8% of annual covered payroll. The Library contributed \$12,661 during 2017 as its

AUDUBON REGIONAL LIBRARY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017

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

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

**Pension Liabilities, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources:** At December 31, 2017, the Library reported liabilities in its financial statements of \$25,040 for its proportionate share of the net pension liabilities of PERS. The net pension liabilities are measure as of December 31, 2017 and the total pension liability used to calculate the net pension obligation was determined by separate actuarial valuations performed as of that date. The Library's proportion of the net pension 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, 2017, the Library's proportional share of PERS was 0.215847%, which was an increase of 0.024468% from its proportion measured as of December 31, 2016.

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

Deferred Flows of Resources:	<u>Outflows</u>	<u>Inflows</u>
Differences between expected and actual experience	\$ 0	\$ 750
Net difference between projected and actual earnings on Pension Plan Investments	11,193	3156
Changes in Assumption	1,672	
Changes in Proportion	0	143
Employer contributions subsequent to measurement date	3,343	0
	<u>\$ 16,208</u>	<u>\$ 4,049</u>

The Library reported \$3,343 as deferred outflow of resources related to pension contributions made subsequent to the plan's measurement period of December 31, 2016 which will be recognized as an increase in net pension liability in the Library's fiscal year ended December 31, 2017.

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

AUDUBON REGIONAL LIBRARY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017

<u>Year</u>	<u>Amount</u>
2018	\$ 7,355
2019	9,211
2020	6,664
2021	(786)
	<u>\$ 22,444</u>

Actuarial Methods and Assumptions: A summary of the actuarial methods and assumptions used in determining the total pension liability for Plan B as of December 31, 2016 are as follows:

Valuation Date	December 31, 2016
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.0% (Net of investment expense)
Expected Remaining Service lives	4 years
Projected Salary Increases	5.25% (2.75% Merit / 2.5% Inflation)
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently paid by the system and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees.
Mortality	RP-2000 Employee Mortality Table was selected for active members. RP-2000 Healthy Annuitant Mortality Table was selected for healthy annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.

AUDUBON REGIONAL LIBRARY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017

The discount rate used to measure the total pension liability was 7.0% for Plan B. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.0% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.55% 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 then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a set back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.0%, 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 6.0% or one percentage point higher 8.0% than the current rate.

AUDUBON REGIONAL LIBRARY  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2017

	Plan B Changes in Discount Rate 2016		
	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Net Pension Liability (Asset)	\$ 106,601	\$ 28,040	\$ (38,276)

**Note #7 LEASES**

The library is currently committed under two leases for building and office space. These leases are considered for accounting purposes to be operating leases for the year ended December 31, 2017. Lease expenditures for the year ended December 31, 2017, amounted to \$10,200.

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

Future minimum lease payments for these leases are as follows:

Year Ending	Amount
2018	<u>4,200</u>
	<u>\$ 4,200</u>

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

**Note #8 LITIGATION AND CLAIMS**

The library was not involved in litigation at December 31, 2017.

**Note #9 LEVIED TAXES**

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

The following is a summary of levied ad valorem taxes for 2017.

Parish wide maintenance tax

AUDUBON REGIONAL LIBRARY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017

East Feliciana	2.50
St. Helena	2.50

**Note #10 BOARD MEMBERS PER DIEM**

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

**Note #11 RELATED PARTY TRANSACTIONS**

There are no related party transactions that require disclosure.

**Note #12 RISK MANAGEMENT**

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

**Note #13 SUBSEQUENT EVENTS**

Management has evaluated subsequent events through June 20, 2018, the date on which the financial statements were available to be issued.

**Note #14 E-RATE REVENUE**

Audubon Regional Library qualifies and participates in the federal E-RATE program. This program reimburses the Library for a percentage of telecommunication and Internet charges provided by Hunt Communications. The program runs each year from June 30 - July 1. In 2017, charges for networking and phone service were \$62,841 and the E-Rate reimbursement was \$54,718.

**Note #15 Special Revenue Funds**

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

AUDUBON REGIONAL LIBRARY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017

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

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

AUDUBON REGIONAL LIBRARY  
SPECIAL REVENUE FUNDS  
DECEMBER 31, 2017

Sarah T. Jones Memorial Fund

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

Judge William T. Bennett Memorial Fund

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

Clinton and Greensburg Library Building Funds

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

AUDUBON REGIONAL LIBRARY  
Special Revenue Funds  
Balance Sheet  
at December 31, 2017

	<u>Library Building Funds</u>	<u>Sarah T. Jones Memorial Fund</u>	<u>Judge William T. Bennett Memorial Fund</u>	<u>Total (Memorandum Only)</u>
<b><u>ASSETS AND OTHER DEBITS</u></b>				
Assets				
Investments and savings	<u>\$ 244,964</u>	<u>\$ 1,590</u>	<u>\$ 1,098</u>	<u>\$ 247,652</u>
<u>Total Assets</u>	<u>244,964</u>	<u>1,590</u>	<u>1,098</u>	<u>247,652</u>
 <b>LIABILITIES, EQUITY AND OTHER EQUITY EQUITY AND OTHER CREDITS</b>				
Fund balance undesignated	<u><u>\$ 244,964</u></u>	<u><u>\$ 1,590</u></u>	<u><u>\$ 1,098</u></u>	<u><u>\$ 247,652</u></u>

The accompanying notes are an integral part of this statement

AUDUBON REGIONAL LIBRARY  
SPECIAL REVENUE FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 2017

	LIBRARY BUILDING FUNDS	SARAH T. JONES MEMORIAL FUND	JUDGE WILLIAM T. BENNETT MEMORIAL FUND	TOTAL (MEMORANDUM ONLY)
<u>REVENUES</u>				
Interest earnings & deposits	\$ 1,131	\$ 5	\$ 4	\$ 1,140
<u>Total Revenues</u>	<u>1,131</u>	<u>5</u>	<u>4</u>	<u>1,140</u>
<u>EXPENDITURES</u>				
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>				
	<u>1,131</u>	<u>5</u>	<u>4</u>	<u>1,140</u>
<u>FUND BALANCES AT BEGINNING OF YEAR</u>				
	<u>243,833</u>	<u>1,585</u>	<u>1,094</u>	<u>246,512</u>
<u>FUND BALANCES AT END OF YEAR</u>				
	<u>\$ 244,964</u>	<u>\$ 1,590</u>	<u>\$ 1,098</u>	<u>\$ 247,652</u>

The accompanying notes are an integral part of this statement

**REQUIRED SUPPLEMENTAL INFORMATION**

AUDUBON REGIONAL LIBRARY  
 Budgetary Comparison Schedule  
 General Fund  
 Year Ended December 31, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<b><u>REVENUES</u></b>			
Ad valorem taxes	\$ 481,380	\$ 485,857	\$ 4,477
State revenue sharing	52,112	43,112	(9,000)
E-Rate revenue	54,717	54,717	0
State aid	0	0	0
Local grants	4,841	4,841	0
Interest earnings	4,261	4,262	1
Fees and charges for library services	10,558	10,796	238
Fines and forfeitures	1,802	1,546	(256)
Donations and gifts	914	612	(302)
Miscellaneous income	572	688	116
	<u>\$ 611,157</u>	<u>\$ 606,431</u>	<u>\$ (4,726)</u>
<b><u>EXPENDITURES</u></b>			
Salaries and related benefits	272,666	309,195	(36,529)
Rents	10,200	10,200	0
Telephone & networking	63,646	63,646	0
Grant expense	4,454	4,454	0
Insurance	15,234	15,330	(96)
Intergovernmental	0	0	0
Utilities	14,484	14,535	(51)
Professional services	11,660	11,660	0
Travel	138	0	138
Repairs and maintenance	26,288	25,632	656
Materials and supplies	15,092	16,215	(1,123)
Bookmobile / Van	804	724	80
Subscriptions & periodicals	23,171	18,427	4,744
Capital outlay	21,867	23,458	(1,591)
Other expenses	2,930	1,427	1,503
	<u>\$ 482,634</u>	<u>\$ 514,903</u>	<u>\$ (32,269)</u>

The accompanying notes are an integral part of this statement

AUDUBON REGIONAL LIBRARY  
 Budgetary Comparison Schedule  
 General Fund  
 Year Ended December 31, 2017  
 (Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
NET CHANGE IN FUND BALANCES	<u>\$ 128,523</u>	<u>\$ 91,528</u>	<u>\$ (36,995)</u>
FUND BALANCE AT BEGINNING OF YEAR		<u>1,199,656</u>	
FUND BALANCE AT END OF YEAR		<u>\$ 1,291,184</u>	

The accompanying notes are an integral part of this statement

AUDUBON REGIONAL LIBRARY  
 SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY  
 DECEMBER 31, 2017

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

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

EAST FELICIANA PARISH EMERGENCY COMMUNICATIONS COMMISSION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
DECEMBER 31, 2016

Actuarial Valuation Date	Contractually Required Contributions	Contributions in Relation to Contractual Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a percentage of covered payroll
December 31, 2015	23,702	23,702	-	141,758	16.72%
December 31, 2016	32,594	32,594	-	224,786	14.50%
December 31, 2017	37,891	37,891		183,042	20.70%

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

AUDUBON REGIONAL LIBRARY  
Clinton, Louisiana  
Schedule of Compensation, Benefits, and  
Other Payments to Agency Head  
For the Year Ended December 31, 2017

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

PATRICIA BOATMAN, DIRECTOR THROUGH MARCH 2017

PURPOSE	AMOUNT
Salary & Benefits:	
Salary	\$ 15,305
Benefits - Retirement	1,106
Total Salary & Benefits	\$ 16,411
Other Items:	
Officer & Director Insurance	521
Dues	-
Total Other Items	\$ 521
Total Salary, Benefits, & Other Items	\$ 16,932

MICHELE JONES, DIRECTOR BEGINNING JULY 2017

PURPOSE	AMOUNT
Salary & Benefits:	
Salary	\$ 31,000
Benefits - Retirement	2,480
Total Salary & Benefits	\$ 33,480
Other Items:	
Officer & Director Insurance	1,562
Dues	100
Total Other Items	\$ 1,662
Total Salary, Benefits, & Other Items	\$ 35,142

The accompanying notes are an integral part of this statement

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

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

Board of Commissioners  
Audubon Regional Library  
Clinton, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Audubon Regional Library, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Audubon Regional Library's basic financial statements, and have issued our report thereon dated June 20, 2018.

**Internal Control over Financial Reporting**

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

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

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

## Compliance and Other Matters

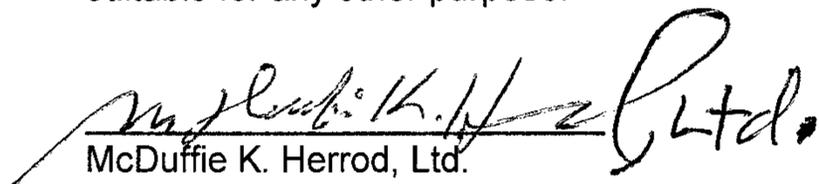
As part of obtaining reasonable assurance about whether the Audubon Regional Library's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of audit findings number 2017-001.

## Audubon Regional Library's Response to Findings

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

## Purpose of This Report

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



McDuffie K. Herrod, Ltd.  
A Professional Accounting Corporation  
June 20, 2018

AUDUBON REGIONAL LIBRARY  
SCHEDULE OF AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2017

A. SUMMARY OF AUDIT RESULTS

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

B. PRIOR YEAR FINDINGS - FINANCIAL STATEMENTS AUDIT

2016 – 001 Compliance with Local Government Budget Act

Condition:

For the year ended December 31, 2016, actual revenues were less than budgeted by more than the 5% variance allowed.

Criteria:

The Louisiana Local Government Budget Act, LA RS 39:1301-1315, specifies that revenue should not vary 5% or more, and expenditures should not vary 5% or more from budget amounts

Cause:

Management did not take steps to amend budgets during the year.

Recommendation:

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

Management Response:

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

Current Status: Unresolved

AUDUBON REGIONAL LIBRARY  
SCHEDULE OF AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2017

C. PRIOR YEAR FINDINGS – INTERNAL CONTROL OVER FINANCIAL REPORTING

None

D. CURRENT YEAR FINDINGS – FINANCIAL STATEMENTS AUDIT

2017 – 001 Compliance with Local Government Budget Act

Condition:

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

Criteria:

The Louisiana Local Government Budget Act, LA RS 39:1301-1315, specifies that revenue should not vary 5% or more, and expenditures should not vary 5% or more from budget amounts

Cause:

Management did not take steps to amend budgets during the year.

Recommendation:

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

Management Response:

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

E. CURRENT YEAR FINDINGS – INTERNAL CONTROL OVER FINANCIAL REPORTING

None

F. MANAGEMENT LETTER

A management letter was not issued.

**STATEWIDE AGREED-UPON  
PROCEDURES**

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

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

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

The procedures and associated findings are as follows:

### ***Written Policies and Procedures***

---

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

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

*We reviewed the policies and procedures which applied to budgeting and found that the policy and procedures addressed the process of adopting budgets.*

*The policy and procedures did not address preparing, monitoring, or amending budgets.*

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.

*We reviewed the policies and procedures which applied to purchasing and found that they were not in compliance with AUP standards.*

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

*We reviewed the policies and procedures which applied to disbursements and found that they were not in compliance with AUP standards.*

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

*We reviewed the policies and procedures which applied to receipts and found that they were not in compliance with AUP standards.*

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

*We reviewed the policies and procedures which applied to payroll/personnel and found that (1) payroll processing was not addressed.*

*However, the policies and procedures did address (2) reviewing and approving time and attendance records.*

- 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

*We reviewed the policies and procedures which applied to contracting and found that they were not in compliance with AUP standards.*

- 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

*We reviewed the policies and procedures which applied to credit cards and found that they were not in compliance with AUP standards.*

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

*We reviewed the policies and procedures which applied to travel and expense reimbursement and found that they addressed (1) allowable expenses, (3) documentation requirements, and (4) required approvers.*

*The policies and procedures did not address (2) dollar thresholds by category of expense.*

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

*We reviewed the policies and procedures which applied to ethics and found that they addressed (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, and (2) actions to be taken if an ethics violation takes place.*

*The policies and procedures did not address a system to monitor possible ethics violations or the requirement that all employees have reviewed the policy annually.*

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

*We reviewed the policies and procedures which applied to debt service and found that they were not in compliance with AUP standards.*

### ***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.

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

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

*The minutes were reviewed and it was determined that the monthly meetings did not include a budget-to-actual comparison on any major funds.*

- 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.

*N/A*

- 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.

*Board meeting minutes were reviewed and we concluded that there was at least one instance of approval of a non-budgetary financial topic during the fiscal year.*

### ***Bank Reconciliations***

---

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

*A listing of the Library's bank accounts was received from management, along with management's representation that the listing is complete.*

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *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;

*All prepared bank reconciliations were received.*

- 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

*There was evidence that all bank reconciliations were reviewed by management.*

- 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.

*N/A*

### ***Collections***

---

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

*We obtained a listing of cash collection locations, as well as management's representation that the listing is complete.*

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

*We obtained written documentation and found that the Library was in compliance with AUP standards, with one exception. Upon review it was found that not every person responsible for collecting cash was (1) bonded.*

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

*Written documentation was obtained and it was determined that the Library has a formal process to reconcile cash collection to the general ledger by a person who is not responsible for cash collections in any of the cash collection locations.*

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
  - Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
  - 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.

*Upon review, it was determined that the entity's procedures regarding cash collection deposits were in compliance with AUP standards. Dailey cash collections were completely supported by documentation with no exceptions found.*

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

*Written documentation was obtained and it was determined that the Library has a written process specifically designed to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund 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 entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

*We obtained the general ledger which was sorted for entity disbursements. Management's representation that the general ledger was complete was received.*

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

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

*The Library does not use a purchase order system.*

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

*N/A*

- 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.

*N/A*

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

*The Library written documentation does not address or require such segregation of duties.*

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

*Library written documentation does not address or require such segregation of duties.*

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

*We inquired of management and observed that the supply of unused checks were maintained in a locked location, with access restricted to those persons that do not have signatory authority. No exceptions were observed.*

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.

*The library does not have a signature stamp or signature machine.*

#### **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.

*We obtained 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. The Library has only one debit card which is in the name and possession of the Director. We obtained 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 entity 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.

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.)]

*It was determined that the Library did not comply with AUP standards. The Director was granted use of the debit card by the board in a meeting on July 11, 2017. It was found that the Director signed her own receipts and the reconciliations were not signed at all.*

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

*It was determined that finance charges and/or late fees were not assessed on any of the selected 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)
- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

*As stated above, only one card is in service and subsequently, it is the only card that was selected for review. Because this particular card was put into service during the year, no such documentation is required by written policy. The board put a \$2,000.00 limit on the card, but did not address the need for further documentation or any process on debit/credit card expense approval. This is due to the maximum limit of the card to be considered an immaterial amount.*

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

*N/A. (Due to immateriality.)*

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

*N/A. (Due to immateriality.)*

### **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.

*The general ledger was obtained from management and a filter was used to isolate all travel and related expense reimbursements during the fiscal year. Management's representation that the general ledger was complete was received.*

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates.  
*Policies and procedures related to travel and expense reimbursements were found to be in compliance with AUP standards.*

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

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

*Only two employees incurred travel expenses during the fiscal year. It was observed that each expense was reimbursed or prepaid in accordance with written policy.*

b) Report whether each expense is supported by:

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

*No evidence was found that original itemized receipts were produced to identify exactly what was purchased. However, the Library policy and procedures do not require the submission of such itemized receipts in conjunction with reimbursement request forms.*

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

*There was evidence of proper 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)

*No other documentation was required by written policy.*

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

*The Library's documentation was found to be in compliance with AUP standards.*

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

*Each expense and related documentation was found to have been reviewed and approved by someone other than the person receiving 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.

*We obtained a listing of all contracts in effect during the fiscal period and received management's representation that the listing was 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:

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

*It was determined that each of the five largest contract "vendors" that were sampled had a formal, written contract that was in compliance with AUP requirements.*

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

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

*It was determined that the contracts were not subject to the Public Bid Law. Supporting contract documentation was obtained that indicated 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.

*No contracts were amended during the fiscal year.*

- 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.

*The largest payment from each of the five contracts were selected and reviewed. The respective invoices and related payments complied 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).

*Contract documentation and board minutes were reviewed and it was determined that policy and/or law did not require board approval on contracts.*

### ***Payroll and Personnel***

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

- 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.

*A listing of employees and their related salaries was obtained along with management's representation that the listing is complete. Five (5) employees were randomly selected and their personal files were reviewed.*

*Of the five selected employees, all five were determined to have been compensated in strict accordance with the terms and conditions of the employment contract or pay rate structure.*

- 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.

*There were no changes made to hourly pay rates/salaries during the fiscal period. There were also no applicable written policies and procedures regarding changes in pay rates.*

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

- 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.)

*One-third (1/3) of employees were randomly selected because the Library employed less than 25 people during the fiscal year. Attendance and leave records within a selected pay*

*period were obtained and reviewed. It was determined that all selected employees documented their daily attendance and leave.*

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

*It was found through written documentation that the supervisors approved the attendance and leave of the selected employees.*

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

*It was found through written documentation that the Library maintained written leave records on the selected employees.*

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.

*A list of terminated employees was obtained from management, as well as management's representation that the list is complete. Four (4) employees were terminated during the fiscal year.*

*Of the four selected, two (2) were eligible for termination payments. Termination payments were made, however, they were not made in strict accordance with the policy.*

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.

*It was determined that payroll taxes and retirement contributions were made in accordance with AUP standards.*

### ***Ethics (excluding nonprofits)***

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

*Certificates for training were reviewed with no exceptions noted.*

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

received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

*According to management, there were no alleged ethics violations reported to the entity during the fiscal year.*

***Debt Service (excluding nonprofits)***

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

*N/A*

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

*N/A*

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

*N/A*

***Other***

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

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

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

*The Library has posted the required notice on their premises.*

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

*N/A*

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

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

A handwritten signature in black ink, appearing to read "McDuffie K. Herrod, LTD.", written in a cursive style.

McDuffie K. Herrod, LTD.

Clinton, Louisiana

June 20, 2018