

ACADIA PARISH LIBRARY  
Crowley, Louisiana

Financial Report

Year Ended December 31, 2017

## TABLE OF CONTENTS

	Page
Independent Auditor's Report	1-2
 BASIC FINANCIAL STATEMENTS	
 GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)	
Statement of net position	5
Statement of activities	6
 FUND FINANCIAL STATEMENTS (FFS)	
Balance sheet - governmental fund	8
Reconciliation of the governmental fund balance sheet to the statement of net position	9
Statement of revenues, expenditures, and changes in fund balance - governmental fund	10
Reconciliation of the statement of revenues, expenditures, and changes in fund balance of the governmental fund to the statement of activities	11
Notes to basic financial statements	12-27
 REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedule:	
General Fund	29
Schedule of employer's share of net pension liability	30
Schedule of employer contributions	31
Notes to required supplementary information	32
 INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	34-35
Summary schedule of current and prior year audit findings and management's corrective action plan	36

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## INDEPENDENT AUDITOR'S REPORT

Board of Control  
Acadia Parish Library  
Crowley, Louisiana

### Report on the Financial Statements

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

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

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

### *Auditor's Responsibility*

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Acadia Parish 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 budgetary comparison information, schedule of employer's share of net pension liability, and schedule of employer contributions on pages 29 - 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2018, on our consideration of the Acadia Parish Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Acadia Parish Library's internal control over financial reporting and compliance.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
June 19, 2018

## **BASIC FINANCIAL STATEMENTS**

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

ACADIA PARISH LIBRARY  
Crowley, Louisiana

Statement of Net Position  
December 31, 2017

	Governmental Activities
ASSETS	
Current assets:	
Cash and interest-bearing deposits	\$ 1,981,032
Investments	398,518
Taxes receivable, net	1,480,282
Due from other governments	36,973
Prepaid items	7,719
Total current assets	3,904,524
Noncurrent assets:	
Capital assets, net	713,447
Total assets	4,617,971
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	253,613
LIABILITIES	
Accounts and other payables	59,655
Long-term liabilities:	
Compensated absences	15,509
Net pension liability	194,954
Total liabilities	270,118
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	34,635
NET POSITION	
Net investment in capital assets	713,447
Unrestricted	3,853,384
Total net position	\$4,566,831

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

ACADIA PARISH LIBRARY  
Crowley, Louisiana

Statement of Activities  
For the Year Ended December 31, 2017

Activities	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Position Governmental Activities	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Governmental activities:					
Culture and recreation	<u>\$1,468,211</u>	<u>\$27,896</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$(1,440,315)</u>
General revenues:					
Taxes:					
Property taxes, levied for general purposes					1,645,153
State revenue sharing					111,407
Interest and investment earnings					10,372
Nonemployer pension contribution					6,992
Miscellaneous					<u>6,513</u>
Total general revenues					<u>1,780,437</u>
Change in net position					340,122
Net position - January 1, 2017					<u>4,226,709</u>
Net position - December 31, 2017					<u>\$ 4,566,831</u>

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

**FUND FINANCIAL STATEMENTS (FFS)**

ACADIA PARISH LIBRARY  
Crowley, Louisiana

Balance Sheet - Governmental Fund  
December 31, 2017

	<u>General Fund</u>
ASSETS	
Cash and interest-bearing deposits	\$ 1,981,032
Investments	398,518
Taxes receivable, net	1,480,282
Due from other governments	<u>36,973</u>
Total assets	<u>\$ 3,896,805</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	
Liabilities:	
Accounts payable	\$ 15,025
Accrued liabilities	<u>44,630</u>
Total liabilities	<u>59,655</u>
Deferred inflows of resources:	
Unavailable revenue - delinquent ad valorem taxes	<u>125,396</u>
Fund balance:	
Unassigned	<u>3,711,754</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 3,896,805</u>

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

ACADIA PARISH LIBRARY  
Crowley, Louisiana

Reconciliation of the Governmental Fund Balance Sheet  
to the Statement of Net Position  
December 31, 2017

Total fund balance for the governmental fund at December 31, 2017		\$3,711,754
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	\$ 47,500	
Buildings, net of \$1,155,637 accumulated depreciation	426,251	
Furniture and equipment, net of \$399,244 accumulated depreciation	16,986	
Library collection, net of \$1,465,272 accumulated depreciation	<u>222,710</u>	713,447
Differences between prepaid expense on modified accrual basis versus accrual basis		7,719
Deferred outflows of resources related to net pension liability		253,613
Some of the Library's ad valorem taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows of resources at the fund level.		125,396
Some liabilities are not due and payable from current financial resources and are, therefore not reported in the funds. These liabilities consist of the following:		
Compensated absences payable	(15,509)	
Net pension liability	<u>(194,954)</u>	(210,463)
Deferred inflows of resources related to net pension liability		<u>(34,635)</u>
Total net position of governmental activities at December 31, 2017		<u>\$4,566,831</u>

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

ACADIA PARISH LIBRARY  
Crowley, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Governmental Fund  
For the Year Ended December 31, 2017

	<u>General Fund</u>
Revenues:	
Taxes - ad valorem	\$ 1,636,122
Intergovernmental	111,407
Miscellaneous	<u>44,781</u>
Total revenues	<u>1,792,310</u>
Expenditures:	
Culture and recreation	1,307,304
Capital outlay	<u>222,709</u>
Total expenditures	<u>1,530,013</u>
Excess of revenues over expenditures	262,297
Fund balance, beginning	<u>3,449,457</u>
Fund balance, ending	<u>\$ 3,711,754</u>

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

ACADIA PARISH LIBRARY  
Crowley, Louisiana

Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balance of the Governmental Fund  
to the Statement of Activities  
For the Year Ended December 31, 2017

Total net changes in fund balance at December 31, 2017 per the statement of revenues, expenditures and changes in fund balance		\$ 262,297
The change in net position reported for governmental activities in the statement of activities is different because:		
Capital outlay costs which are considered as expenditures on statement of revenues, expenditures and changes in fund balance	\$ 222,709	
Depreciation expense for the year ended December 31, 2017	<u>(112,510)</u>	110,199
Difference between proceeds from the sale of assets on the statement of revenues, expenditures and changes in fund balance and the loss on disposal of assets on the statement of activities.		(7,790)
Some of the Library's ad valorem taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows of resources at the fund level.		
Net change in unavailable revenue - delinquent ad valorem taxes		9,031
Differences between prepaid expenses on modified accrual basis versus accrual basis		7,719
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These revenues consist of the following:		
Nonemployer contributions to the retirement system		6,992
Some liabilities are not recognized at the fund level because they do not represent a claim on current financial resources. Expenses at the government-wide level are recognized when these liabilities are incurred, while expenditures are recognized at the fund level when cash payments are made. The amounts below represent the difference between expenses incurred at the government-wide level and the current financial resources expended at the fund level.		
Net pension liability	(50,507)	
Compensated absences	<u>2,181</u>	<u>(48,326)</u>
Total change in net position at December 31, 2017 per the statement of activities		<u>\$ 340,122</u>

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

ACADIA PARISH LIBRARY  
Crowley, Louisiana

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Acadia Parish Library (the Library) have been prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The accounting and reporting framework and the more significant accounting policies are described below.

Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the industry audit guide, *Audits of State and Local Governments*, issued by the American Institute of Certified Public Accountants and the *Louisiana Governmental Audit Guide*.

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

The Acadia Parish Library is a component unit of the Acadia Parish Police Jury and was created under Louisiana Revised Statute 25:211. The Library operates under a Board of Control. Although the Parish does not provide financing, it does exercise some control over operations by virtue of the fact that it appoints the Board of Control. The purpose of the Library is to provide library facilities to residents within its boundaries.

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

B. Basis of Presentation

Government-Wide Financial Statements

The government-wide financial statements provide operational accountability information for the Library as an economic unit. The government-wide financial statements report the Library's ability to maintain service levels and continue to meet its obligations as they come due. The statements include all governmental activities of the Library.

Fund Financial Statements

The accounts of the Library are organized on the basis of funds, each of which is considered to be an independent fiscal and accounting entity. The operations of each fund are accounted for within separate sets of self-balancing accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, revenues, expenditures/expenses, and transfers.

ACADIA PARISH LIBRARY  
Crowley, Louisiana

Notes to Basic Financial Statements (Continued)

The General Fund is always a major governmental fund. Other individual governmental and enterprise major funds are determined as funds whose revenues, expenditures/expenses, assets and deferred outflows of resources or liabilities and deferred inflows of resources are at least ten percent of the corresponding totals for all funds of that category or type (total governmental or total enterprise funds) and at least five percent of the corresponding total for all governmental and enterprise funds combined for funds designated as major at the discretion of the Library. Funds not classified as a major fund are aggregated and presented in a single column in the fund financial statements. The Library maintains one fund, which is categorized as a governmental fund. The fund used by the Library is described below.

Governmental Fund -

Governmental funds are those through which most governmental functions are financed. The acquisition, use and balances of the Library's expendable financial resources and the related liabilities are accounted for through governmental funds.

General Fund

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

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

The measurement focus determines the accounting and financial reporting treatment applied to a fund. The governmental activities within the government-wide statement of net position and statement of activities are presented using the economic resources measurement focus. The economic resources measurement focus meets the accounting objectives of determining net income, net position, and cash flows.

The fund financial statements use either the current financial resources measurement focus or the economic resources measurement focus as appropriate. Governmental funds use the current financial resources measurement focus. This measurement focus is based upon the receipt and disbursement of current available financial resources rather upon net income.

The accrual basis of accounting is used throughout the government-wide financial statements; conversely, the financial statements of the General Fund have been prepared in accordance with the modified accrual basis of accounting, whereby revenues are recognized when considered both measurable and available to finance expenditures of the current period. For this purpose, the Library considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal period. The Library accrues intergovernmental and tax revenues based upon this concept. Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursement for specific purposes or projects are recognized in the period in which the expenditures are recorded. All other

ACADIA PARISH LIBRARY  
Crowley, Louisiana

Notes to Basic Financial Statements (Continued)

revenue items are considered to be measurable and available only when the cash is received by the Library.

Expenditures are generally recognized when the related fund liabilities are incurred and become payable in the current period. Proceeds of debt are reported as other financing sources, and principal and interest on long-term debt, as well as expenditures related to compensated absences, are recorded as expenditures when paid.

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide presentations.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity

Cash and interest-bearing deposits

For purposes of the statement of net position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposit of the Library.

Investments

Under state law, the Library may deposit funds with a fiscal agent organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The Library may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In accordance with professional standards, investments meeting the criteria specified in the standards are stated at fair value, which is either a quoted market price or the best estimate available. Investments which do not meet the requirements are stated at cost.

Receivables

In the government-wide statements, receivables, including amounts due from other governments, consist of all revenues earned at year-end and not yet received. Uncollectible ad valorem taxes are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. The allowance for uncollectible taxes was \$19,284 at December 31, 2017.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2017 are recorded as prepaid items.

ACADIA PARISH LIBRARY  
Crowley, Louisiana

Notes to Basic Financial Statements (Continued)

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. The Library's accounting policies regarding capital assets are that these assets, with an initial cost of \$5,000 or more are to be capitalized and depreciated over their estimated useful lives. Purchased or constructed capital assets are valued at historical cost or estimated historical cost. Donated capital assets are recorded at fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Building and improvements	20-40 years
Furniture, fixtures and equipment	5-10 years
Library collections	5-6 years

Compensated Absences

Each full-time employee and part-time employee that works a minimum of 20 hours per week is eligible to earn vacation and sick leave. Employees earn ten to twenty vacation days per year depending upon the number of years of service. All eligible employees are allowed twelve sick days per year. Vacation leave can be accumulated up to the maximum amount earned in one year. Employees who resign, retire or are dismissed from employment shall not be paid for any accrued sick leave.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position or balance sheet will sometimes report a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Library has one item that qualifies for reporting in this category, the deferred outflow of resources attributable to its pension plan. The Library reported deferred outflows of resources related to pensions of \$ \$253,613 at December 31, 2017.

In addition to liabilities, the statement of net position or balance sheet will sometimes report a separate section for deferred inflows of resources. This represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Library has one item that qualifies for reporting in this category in the government-wide statement of net position, the deferred inflow of resources attributable to its pension plan. The Library reported deferred inflows of resources related to pensions of \$34,635 at December 31, 2017.

ACADIA PARISH LIBRARY  
Crowley, Louisiana

Notes to Basic Financial Statements (Continued)

The Library also reported deferred inflows of resources related to unavailable delinquent ad valorem tax revenue of \$125,396 in the General Fund at December 31, 2017.

Equity Classifications

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

1. Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net position consists of net position with constraints placed on the use either by external groups, such as grantors, creditors, contributors, or laws and regulations of other governments, or law through constitutional provisions or enabling legislation. It is the Library's policy to use restricted net position prior to the use of unrestricted net position when both restricted and unrestricted net position are available for an expense which has been incurred.
3. Unrestricted net position consists of all other assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet the definition of "restricted" or "net investment in capital assets."

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily upon the extent to which the Library is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The categories and their purposes are:

1. Nonspendable includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints requiring they remain intact.
2. Restricted includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as grantors, donors, creditors, or amounts constrained due to constitutional provisions or enabling legislation.

ACADIA PARISH LIBRARY  
Crowley, Louisiana

Notes to Basic Financial Statements (Continued)

3. Committed includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal legislative action of the Board of Control and does not lapse at year end. A committed fund balance constraint can only be established, modified, or rescinded by passage of an ordinance by the Board of Control.
4. Assigned includes fund balance amounts that are constrained by the Library's intent to be used for specific purposes, that are neither restricted nor committed. The assignment of fund balance is authorized by a directive from the Library's Director with the approval of a resolution by the Board of Control.
5. Unassigned includes fund balance amounts which have not been classified within the above-mentioned categories.

It is the Library's policy to use restricted amounts first when both restricted and unrestricted fund balance is available unless prohibited by legal or contractual provisions. Additionally, the Library uses committed, assigned, and lastly unassigned amounts of fund balance in that order when expenditures are made.

E. Revenues, Expenditures/Expenses

Revenues

The Library considers revenue to be susceptible to accrual in the governmental funds as it becomes measurable and available, as defined under the modified accrual basis of accounting. The Library generally defines the availability period for revenue recognition as received within the reporting period or within sixty (60) days after year end. The Library's major revenue sources that meet this availability criterion are ad valorem tax revenues and state revenue sharing revenue.

There are three classifications of programmatic revenues for the Library, program specific grant and contributions revenue (operating and capital) and charges for services. Grant revenues are revenues from federal, state, and private grants. These revenues are recognized when all applicable eligibility requirements are met and are reported as intergovernmental revenues. The primary source of charges for services is fees, fines, and charges paid by patrons of the Library for services. In the government-wide statement of activities, property taxes and state revenue sharing funds are reported as general revenues because the Library has discretion in the application of these funds to various programs/functions administered by the Library. Interest income is recorded as earned in the fund holding the interest-bearing asset.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by character and function. In the fund financial statements, expenditures are classified by character.

ACADIA PARISH LIBRARY  
Crowley, Louisiana

Notes to Basic Financial Statements (Continued)

F. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

(2) Cash and Interest-Bearing Deposits

Under state law, the Library may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Library may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2017, the Library has cash and interest-bearing deposits (book balances) totaling \$1,981,032, as follows:

Demand deposits	\$ 2,078
Interest-bearing accounts	<u>1,978,954</u>
Total	<u>\$1,981,032</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Library's deposits may not be recovered, or the Library will not be able to recover the collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

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

Bank balances	<u>\$1,983,954</u>
Insured	263,659
Pledged securities	<u>1,720,295</u>
Total	<u>\$1,983,954</u>

Deposits in the amount of \$1,720,295 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution, its trust department or agent, but not in the Library's name. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Library that the fiscal agent has failed to pay deposited funds upon demand. The Library does not have a policy for custodial credit risk.

ACADIA PARISH LIBRARY  
Crowley, Louisiana

Notes to Basic Financial Statements (Continued)

(3) Investments

As of December 31, 2017, the Library had the following investments:

Investment Type	% of Portfolio	Fair Value	Investment Maturities			
			Less Than One Year	One - Five Years	Six - Ten Years	More Than Ten Years
Mortgage-backed securities:						
FHR	0.19%	\$ 752	\$ -	\$ 752	\$ -	\$ -
FNR	41.28%	164,525	-	-	-	164,525
U.S. Government and agency securities:						
FHLMC	25.00%	99,634	-	99,634	-	-
FNMA	33.53%	133,607	-	133,607	-	-
Total	100.00%	\$ 398,518	\$ -	\$ 233,993	\$ -	\$ 164,525

**Interest Rate Risk** – The Library does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk/Concentration of Credit Risk** – Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Library limits investments to government securities that are direct and indirect obligations of the United States Government. At December 31, 2017, the Library did not have any such investments.

**Custodial Credit Risk** – For an investment, custodial credit risk is the risk that in the event of the failure of a counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Library requires all investment to be in the Library’s name and all ownership securities to be evidenced by an acceptable safekeeping receipt issued by a third-party financial institution which is acceptable to the Library. Accordingly, the Library had no custodial credit risk related to its investments at December 31, 2017.

The Library limits investments to fully insured and/or fully-collateralized certificates of deposit and direct and indirect obligations of U.S. government agencies. The Library’s investments in mortgage-backed securities and United States government agency securities were rated a Aaa/AA+ by National Financial Service, LLC at December 31, 2017.

ACADIA PARISH LIBRARY  
Crowley, Louisiana

Notes to Basic Financial Statements (Continued)

(4) Due from Other Governmental Units

Amounts due from other governmental units at December 31, 2017 consisted of the following:

Amount due from State of Louisiana for state revenue sharing payment for December 31, 2017	<u>\$ 36,973</u>
--	------------------

(5) Capital Assets

Capital asset balances and activity for the year ended December 31, 2017 is as follows:

	Balance 1/1/2017	Additions	Deletions	Balance 12/31/2017
Capital assets not being depreciated:				
Land	\$ 47,500	\$ -	\$ -	\$ 47,500
Construction in progress	195,190	141,030	336,220	-
Other capital assets:				
Building	1,245,668	336,220	-	1,581,888
Furniture and equipment	416,230	-	-	416,230
Library collection	<u>1,679,094</u>	<u>81,678</u>	<u>72,790</u>	<u>1,687,982</u>
Total	<u>3,583,682</u>	<u>558,928</u>	<u>409,010</u>	<u>3,733,600</u>
Less accumulated depreciation:				
Building	1,126,250	29,387	-	1,155,637
Furniture and equipment	394,709	4,535	-	399,244
Library collection	<u>1,451,685</u>	<u>78,588</u>	<u>65,001</u>	<u>1,465,272</u>
Total	<u>2,972,644</u>	<u>112,510</u>	<u>65,001</u>	<u>3,020,153</u>
Net capital assets	<u>\$ 611,038</u>	<u>\$446,418</u>	<u>\$344,009</u>	<u>\$ 713,447</u>

Depreciation expense of \$112,510 was charged to the culture and recreation function.

(6) Accounts and Other Payables

The accounts and other payables consisted of the following at December 31, 2017:

Accounts	\$ 15,025
Retirement	23,675
Health insurance	<u>20,955</u>
Total	<u>\$ 59,655</u>

ACADIA PARISH LIBRARY  
Crowley, Louisiana

Notes to Basic Financial Statements (Continued)

(7) Unavailable Revenues

Unavailable revenues are reported in governmental funds and represent revenue received more than 60 days following year end (and, therefore, unavailable to pay liabilities of the current period). Unavailable revenue received after 60 days is fully recognized as revenue in the government-wide financial statements. At December 31, 2017, governmental fund's revenues that have been earned but are unavailable totaled \$125,396 which was comprised of delinquent ad valorem tax revenue.

(8) Ad Valorem Taxes

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

The taxes are based on assessed values determined by the Tax Assessor of Acadia Parish and are collected by the Sheriff. The taxes are remitted to the Library net of deductions for Pension Fund Contributions.

For the year ended December 31, 2017, taxes of 4.32 mills were levied on property with net assessed valuations totaling \$380,822,348 and were dedicated to paying the administrative, operations and maintenance expenditures for the Library. Total taxes levied during 2017 were \$1,645,153.

(9) Tax Abatements

The Library is subject to tax abatements granted by the Louisiana Department of Economic Development. This program has the stated purpose of increasing business activity and employment in the Parish and the State. Under the program, companies commit to expand or maintain facilities or employment in the Parish, establish a new business in the Parish, or relocate an existing business to the Parish. Agreements include an abatement of ad valorem taxes for a period of 10 years from the initial assessment date. The Library's ad valorem tax revenues were reduced by \$44,757 as a result of the tax abatement.

(9) Employee Retirement System

The Acadia Parish Library participates in a cost-sharing defined benefit plan, the Parochial Employees' Retirement System (PERS), administered by a separate public employee retirement system. Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of the plan administered by this public employee retirement system to the State Legislature. The plan is not closed to new entrants. Substantially all Library employees participate in the system.

ACADIA PARISH LIBRARY  
Crowley, Louisiana

Notes to Basic Financial Statements (Continued)

**Plan Description**

PERS provides retirement, disability, and survivor benefits to eligible employees and their beneficiaries as defined in LRS 11:1901 and 11:1941. The Library participates in Plan A.

PERS' financial statements are prepared using the accrual basis of accounting. Employer and employee contributions are recognized in the period in which the employee is compensated for services performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Interest income is recognized when earned. Ad valorem taxes and revenue sharing monies are recognized in the year collected by the tax collector.

A brief summary of eligibility and benefits of the plans are provided in the following table:

Final average salary	Final average compensation
Years of service required and/or age eligible for benefits for employees hired prior to January 1, 2007	30 years at any age 25 years age 55 10 years age 60 7 years age 65
Years of service required and/or age eligible for benefits for employees after to January 1, 2007	30 years age 55 10 years age 62 7 years age 67
Benefit percent per years of service	3.0%

**Contributions**

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee. In addition, PERS receives a percentage of ad valorem taxes collected by parishes. These entities are not participating employers in the pension system and are considered to be nonemployer contributing entities. For the year ended December 31, 2017, the contribution percentages for employees and employers were 9.5% and 12.5%, respectively. The amounts contributed from non-employer contributing entities and from the Library for the year ended December 31, 2017 were \$6,992 and \$61,656, respectively

At December 31, 2017, the Library reported payables of \$23,675 for the outstanding amount of contributions due to the retirement system for the year.

ACADIA PARISH LIBRARY  
Crowley, Louisiana

Notes to Basic Financial Statements (Continued)

**Net Pension Liability**

The Library's net pension liability at December 31, 2017 of \$194,954 is comprised of its proportionate share of the net pension liability relating to the cost-sharing plan. The Library's net pension liability for the plan was measured as of the plan's measurement date, December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Library's proportionate share of the net pension liability for the plan was based on the Library's required contributions in proportion to total required contributions for all employers.

As of the most recent measurement date, the Library's proportion for the plan was 0.094660%, and the change in proportion from the prior measurement date was a decrease of 0.000249%.

Since the measurement date of the net pension liability was December 31, 2016 for PERS, the net pension liability is based upon fiduciary net position for the plan as of that date. Detailed information about the plan's assets, deferred outflows, deferred inflows, and fiduciary net position that was used in the measurement of the Library's net pension liability is available in the separately issued plan financial report which may be accessed on their website at <http://www.persla.org/>.

**Actuarial Assumptions**

The following table provides information concerning actuarial assumptions used in the determination of the total pension liability for PERS:

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

ACADIA PARISH LIBRARY  
Crowley, Louisiana

Notes to Basic Financial Statements (Continued)

**Cost of Living Adjustments**

PERS has the authority to grant cost-of-living adjustments (COLAs) on an ad hoc basis. Pursuant to LRS 11:242(B), the power of the Board of Trustees of the PERS to grant a COLA is effective in calendar years that the legislature fails to grant a COLA, unless in the legislation granting a COLA, the legislature authorizes the Board of Trustees to provide an additional COLA. The authority to grant a COLA by the Board is subject to the funded status and interest earnings. The effects of the benefit changes made as a result of the COLAs is included in the measurement of the total pension liability as of the measurement date at which the ad hoc COLA was granted and the amount is known and reasonably estimable.

**Discount Rate**

The discount rate used to measure the Library's total pension liability for PERS plan and the significant assumptions used in the determination of the discount rate was 7.00%, which was 25 basis points below the rate used in the prior valuation. The plan member contributions will be made at the current contribution rate and sponsor contributions will be made at the actuarially determined rates.

The discount rates used to measure the Library's total pension liability for the pension plan is equal to the long-term expected rate of return on pension plan investments that are expected to be used to finance the payment of benefits. For PERS the rate was determined using a triangulation method which integrated the Capital Asset Pricing Model (CAPM), a treasury yield curve approach and an equity building block model. Risk return and correlation are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return 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 and an adjustment for the effect of rebalancing/diversification.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized for PERS in the following table

Asset Class	Target Asset Allocation	Long-Term Exptected Real Rate of Return
Fixed Income	35%	1.24%
Equities	52%	3.63%
Alternative Investments	11%	0.67%
Real Assets	<u>2%</u>	<u>0.12%</u>
Total	<u>100%</u>	5.66%
Inflation		<u>2.00%</u>
Expected Arithmetic Nominal Return		<u>7.66%</u>

ACADIA PARISH LIBRARY  
Crowley, Louisiana

Notes to Basic Financial Statements (Continued)

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Pension Plan**

Changes in the net pension liability may either be reported in pension expense in the year the change occurred or recognized as a deferred outflow of resources or a deferred inflow of resources in the year the change occurred and amortized into pension expense over a number of years. For the year ended December 31, 2017, the Library recognized \$112,163 in pension expense related to its pension plan. The Library also recognized revenues in the amount of \$6,992 in ad valorem taxes collected from non-employee contributing entities.

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

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 34,115
Changes of assumptions	37,013	
Net difference between projected and actual earnings on pension plan investments	151,291	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,653	520
Employer contributions subsequent to the measurement date	61,656	-
Total	\$ 253,613	\$ 34,635

Deferred outflows of resources of \$61,656 resulting from the employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability during the year ending December 31, 2018. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions to be recognized in pension expense are as follows:

Fiscal Year Ended	Net Amount Recognized in Pension Expense
12/31/2018	\$ 58,341
12/31/2019	62,287
12/31/2020	40,932
12/31/2021	(4,238)

ACADIA PARISH LIBRARY  
Crowley, Louisiana

Notes to Basic Financial Statements (Continued)

**Sensitivity of the Library's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the Library's proportionate shares of the net pension liability of the plan, calculated using the discount rate, as well as what the Library's proportionate share of the net pension liability would be if they were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1.0% Decrease 6.00%	Current Discount Rate 7.00%	1.0% Increase 8.00%
Employer's proportionate share of the net pension liability	\$ 583,184	\$ 194,954	\$(133,307)

(10) Board of Control

Non-commissioned members of the Acadia Parish Library Board of Control at December 31, 2017 are as follows:

William B. Pinac	Janis Coignard
Winston Boudreaux	Judia C. LaCombe
Cynthia Dominick	Kerry Kilgore
Alyssa Dogay	

Board members serve with no compensation.

(11) Compensation, Benefits and Other Payments to Director

A detail of compensation, benefits, and other payments made to Library Director Ted Landry for the year ended December 31, 2017 are as follows:

Purpose	Amount
Salary	\$ 103,085
Benefits - insurance	26,628
Benefits - retirement	12,886
Reimbursements	886
Travel	1,198
Registration fees	124
Total	\$ 144,807

ACADIA PARISH LIBRARY  
Crowley, Louisiana

Notes to Basic Financial Statements (Continued)

(12) Risk Management

The Library is exposed to risks of loss in areas of general liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year, nor have settlements exceeded coverage for the past three years.

(13) Litigation

There was no litigation pending against the Acadia Parish Library at December 31, 2017. Subsequent to year end the Library was named as a defendant in a lawsuit filed by a contractor over a dispute arising over the bidding of a future project. Although the outcome of this lawsuit is not presently determinable, it is the opinion of the Library's attorney that resolution of this matter will not have a material adverse effect on the financial condition of the Library.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

ACADIA PARISH LIBRARY  
Crowley, Louisiana  
General Fund

Budgetary Comparison Schedule  
Year Ended December 31, 2017

	Budget		Actual	Variance -
	Original	Final		Favorable (Unfavorable)
Revenues:				
Taxes - ad valorem	\$ 1,415,000	\$ 1,433,291	\$ 1,636,122	\$ 202,831
Intergovernmental -				
State revenue sharing	107,000	111,651	111,407	(244)
Miscellaneous -				
Interest	4,400	5,400	10,372	4,972
Other sources	29,500	33,050	34,409	1,359
Total revenues	<u>1,555,900</u>	<u>1,583,392</u>	<u>1,792,310</u>	<u>208,918</u>
Expenditures:				
Current -				
Culture and recreation:				
Salaries and wages	700,000	640,000	636,355	3,645
Payroll taxes	8,800	12,300	16,015	(3,715)
Retirement contributions	77,000	67,000	61,656	5,344
Pension	-	-	54,853	(54,853)
Group insurance	265,000	270,000	264,172	5,828
Utilities and telephone	76,000	72,000	68,742	3,258
Professional fees	27,000	27,000	15,039	11,961
Service contracts	30,000	24,000	31,418	(7,418)
Advertising, dues and subscriptions	1,000	285	285	-
General insurance	32,100	32,272	32,272	-
Periodicals and subscriptions	44,500	34,000	34,230	(230)
Travel	7,500	4,800	5,002	(202)
Supplies	46,000	49,500	45,801	3,699
Repairs and maintenance	130,000	67,500	38,156	29,344
Miscellaneous	1,000	400	3,308	(2,908)
Total culture and recreation	<u>1,445,900</u>	<u>1,301,057</u>	<u>1,307,304</u>	<u>(6,247)</u>
Capital outlay -				
Books	110,000	85,000	81,678	3,322
Improvements	-	141,000	141,031	(31)
Total capital outlay	<u>110,000</u>	<u>226,000</u>	<u>222,709</u>	<u>3,291</u>
Total expenditures	<u>1,555,900</u>	<u>1,527,057</u>	<u>1,530,013</u>	<u>(2,956)</u>
Net change in fund balance	-	56,335	262,297	205,962
Fund balance, beginning	<u>3,449,457</u>	<u>3,449,457</u>	<u>3,449,457</u>	<u>-</u>
Fund balance, ending	<u>\$ 3,449,457</u>	<u>\$ 3,505,792</u>	<u>\$ 3,711,754</u>	<u>\$ 205,962</u>

ACADIA PARISH LIBRARY

Schedule of Employer's Share of Net Pension Liability  
For the Year Ended December 31, 2017 \*

Year ended December 31,	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
<b>Parochial Employees' Retirement System of Louisiana - Plan A:</b>					
2017	0.094660%	\$ 194,954	\$ 561,388	34.7%	94.15%
2016	0.094909%	249,828	544,172	45.9%	92.23%
2015	0.092441%	25,274	523,104	4.8%	99.15%

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

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

ACADIA PARISH LIBRARY

Schedule of Employer Contributions  
For the Year Ended December 31, 2017

Year ended December 31,	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
<b>Parochial Employees' Retirement System of Louisiana - Plan A:</b>					
2017	\$ 61,656	\$ 61,656	\$ -	\$ 493,249	12.50%
2016	72,980	72,980	-	561,388	13.00%
2015	78,905	78,905	-	544,172	14.50%

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

ACADIA PARISH LIBRARY  
Crowley, Louisiana

Notes to Required Supplementary Information

(1) Budget and Budgetary Accounting

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

1. All budgetary appropriations lapse at the end of each fiscal year.
2. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts included in the accompanying financial statements are as originally adopted or as finally amended by the Library.

(2) Excess of Expenditures over Appropriations

The General Fund incurred expenditures in excess of appropriations of \$2,956 for the year ended December 31, 2017.

(3) Pension Plan

Changes in assumptions – Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plan. These assumptions include the rate of investment return, mortality of plan members, rate of salary increase, rates of retirement, rates of termination, rates of disability, and various other factors that have an impact on the cost of the plan.

**INTERNAL CONTROL,  
COMPLIANCE, AND  
OTHER MATTERS**

# KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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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 Control  
Acadia Parish Library  
Crowley, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Acadia Parish Library (the Library), a component unit of the Acadia Parish Police Jury, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements, and have issued our report thereon dated June 19, 2018.

### Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

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

## **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 internal part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this community is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
June 19, 2018

ACADIA PARISH LIBRARY  
Crowley, Louisiana

Summary Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
Year Ended December 31, 2017

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
----------	---	------------------------	-------------------------------	---------------------------	------------------------------	-----------------------------------

CURRENT YEAR (12/31/17) --

Internal Control:

There were no internal control findings to be reported.

Compliance:

There were no compliance findings to be reported.

PRIOR YEAR (12/31/16) --

Internal Control:

There were no internal control findings to be reported.

Compliance:

There were no compliance findings to be reported.

**ACADIA PARISH LIBRARY**  
**Statewide Agreed-Upon Procedures Report**  
Year Ended December 31, 2017

# KOLDER, SLAVEN & COMPANY, LLC

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

\* A Professional Accounting Corporation

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To the Management of the  
Acadia Parish Library and  
the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the management of the Acadia Parish 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 Acadia Parish Library'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.

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

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

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

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

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

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

*Written policies and procedures were obtained and do not address the functions noted above.*

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

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

- 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.

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

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

*Entity has no credit cards.*

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

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

- 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.

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

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

*Entity has no debt.*

### **Board (or Finance Committee, if applicable)**

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

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

*Obtained and reviewed minutes of the managing board for the fiscal period noting that the board met at least once a year as required by organization documents.*

- 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).

*Obtained and reviewed minutes of the managing board for the fiscal period noting that minutes did not include budget-to-actual comparisons.*

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

*Not applicable.*

- 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.

*Obtained and reviewed the minutes for the managing board for the fiscal period noting that minutes referenced or included non-budgetary financial information for at least one meeting during the fiscal period.*

### ***Bank Reconciliations***

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

*Obtained listing of client bank accounts from management and management's representation that 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;

*Obtained bank statements and reconciliations for all months in the fiscal period for all selected accounts noting that reconciliations have been prepared for all months.*

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

*Bank reconciliations examined did not contain evidence of management review.*

- 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.

*Bank reconciliations examined did not contain items outstanding for longer than 6 months.*

### ***Collections***

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

*Obtained listing of cash collection locations and management's representation that 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.

*Individuals responsible for collecting cash at each of the three locations selected are not bonded. In 2 of the locations, the individual collecting cash is also responsible for depositing the cash. In these instances, the Director reviews the deposit and supporting documentation prior to it being brought to the bank and also records the transaction. All bank statements are mailed from the bank directly to a contract CPA, and all reconciliations are performed by the contract CPA. In 2 of the locations, individuals share a cash drawer with other employees.*

- 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.

*The process to reconcile cash collections to the general ledger/subsidiary ledger by revenue source is performed by a person who is responsible for collecting cash. This process is reviewed by the Director.*

- 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.

*The highest (dollar) week of cash collections for each location was obtained along with collection documentation, deposit slips, and bank statements. Two of the three locations had deposits that were made more than one day after collection. For one location, it was not possible to determine the number of days from receipt to deposit. For the second location, the, the deposit was made 37 days after collection. This particular location submits receipts to the deposit location once a month due to the small amounts collection and its remote 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.

*There were no exceptions noted. All collections are completely supported by appropriate documentation.*

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.

*There is no process specifically defined to determine the completeness of all collections by a person who is not responsible for collections.*

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

8. Obtain a listing of 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.

*Listing of disbursements and management's representation that the listing is complete was obtained.*

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.

*A requisition/purchase order system was not utilized.*

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

*A requisition/purchase order system was not utilized.*

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

*Examined supporting documentation for each of the 25 disbursements selected and found that indication of approval is not present on individual invoices. A board member indicates approval on a summary schedule batch report.*

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 person responsible for processing payments is not prohibited from adding vendors to the purchasing/disbursement system.*

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.

*An individual with signatory authority can also initiate and record purchases.*

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

*No exceptions were noted.*

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

*No exceptions were noted.*

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

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

*Obtained management's representation that the Acadia Parish Library did not have any credit cards for the fiscal year.*

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.]

*Not applicable.*

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

*Not applicable.*

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.)

*Not applicable.*

- 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.

*Not applicable.*

- 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.

*Not applicable.*

## ***Travel and Expense Reimbursement***

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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.

*Listing of travel and expense reimbursements by person and management's representation that the listing is complete was obtained.*

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.

*The Library's written policy relating to travel and expense reimbursement was obtained. The mileage rates in the policy did not exceed the GSA rates. A threshold for per diem rates was not specified.*

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

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

*No exceptions were noted.*

- b) Report whether each expense is supported by:

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

*No exceptions were noted.*

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

*No exceptions were noted.*

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

*No exceptions were noted.*

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

*No exceptions were noted.*

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

*No exceptions were noted.*

## ***Contracts***

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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.

*Listing of contracts in effect and management's representation that the listing is complete was obtained.*

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.

*No exceptions were noted.*

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

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

*There were no instances of noncompliance noted.*

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

*There were no instances of noncompliance noted.*

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

*One of the contracts was amended. The original contract, priced at \$257,475, was increased by \$41,723.15 resulting in a total contract price of \$299,198.15. The contract was amended to include additional unforeseen work necessary in connection with the remodeling of the Crowley branch. The original contract terms provided for amendments.*

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

*No exceptions were noted.*

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

*No exceptions were noted.*

## ***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:

*Listing of employees with their related salaries and management's representation that the listing is complete was obtained.*

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

*No exceptions were noted.*

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

*There were no changes to the hourly rates during the fiscal period.*

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.)

*No exceptions were noted.*

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

*No exceptions were noted.*

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

*No exceptions were noted.*

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

*No employees were terminated during the fiscal year.*

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

*No exceptions were noted.*

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

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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.

*Entity maintained documentation of completed ethics training for all 5 employees selected for testing.*

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

*Management asserted that they have received no ethics allegations during the fiscal period.*

### ***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.

*The Library had no debt issued during the fiscal year.*

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.

*The Library had no outstanding debt during the fiscal period.*

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.

*The Library has no tax millages relating to debt service.*

### ***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.

*Management has asserted that the Acadia Parish 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 does have the required notices posted on its premises and website.*

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

*No exceptions were noted.*

***Management's Response***

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Management of the Acadia Parish Library concurs with the exceptions and are working to address the deficiencies identified.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those 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 results 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.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
June 19, 2018