

ST. MARTIN PARISH LIBRARY
St. Martinville, Louisiana

Annual Financial Statements
With Independent Auditors' Report

As of And For the Year Ended
December 31, 2018

ST. MARTIN PARISH LIBRARY
St. Martinville, Louisiana

Annual Financial Statements
As of and for the Year Ended December 31, 2018

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INDEPENDENT AUDITORS' REPORT

Board of Control
St. Martin Parish Library
St. Martinville, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of the St. Martin Parish Library (a component unit of the St. Martin Parish Government) as of December 31, 2018 and for the year then ended, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' 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 material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the

appropriateness of accounting policies used and reasonableness of significant 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 basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the St. Martin Parish Library(a component unit of the St. Martin Parish Government) as of December 31, 2018, and the respective changes in financial position thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 14 to the financial statements, in 2018 the Library adopted new accounting guidance, GASBS No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

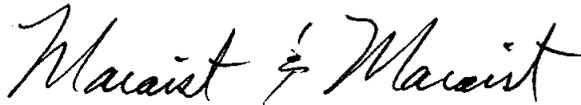
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 33, the schedule of Net OPEB Liability on page 34 and the schedule of the St. Martin Parish Library's proportionate share of the net pension liability, and the schedule of the St. Martin Parish Library's contributions on pages 35-36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of 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 regarding 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 St. Martin 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 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 a report dated May 31, 2019 on our consideration of the St. Martin 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.



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St. Martinville, Louisiana
May 31, 2019

BASIC FINANCIAL STATEMENTS

ST. MARTIN PARISH LIBRARY
St. Martinville, Louisiana

(Statement A)

STATEMENT OF NET POSITION

December 31, 2018

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and interest bearing deposits	\$ 7,367,308
Receivables (net of allowance for uncollectibles)	2,300,931
Capital assets (not depreciated)	7,050
Capital assets (net of accumulated depreciation)	5,671,274
Net pension asset	<u>73,995</u>
TOTAL ASSETS	<u>\$ 15,420,558</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Pension related	<u>\$ 162,036</u>
<u>LIABILITIES</u>	
Accounts payable	\$ 59,820
Non-current liabilities:	
Compensated absences	145,766
Other post employment benefits	<u>2,674,627</u>
TOTAL LIABILITIES	<u>\$ 2,880,213</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Pension related	<u>\$ 219,012</u>
<u>NET POSITION</u>	
Net investment in capital assets	\$ 5,678,324
Unrestricted	<u>6,805,045</u>
TOTAL NET POSITION	<u>\$ 12,483,369</u>

The accompanying notes are an integral part of this statement.

ST. MARTIN PARISH LIBRARY
St. Martinville, Louisiana

(Statement B)

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2018

	<u>Governmental Activities</u>
Program Expenses:	
Culture and recreation:	
Personal services	\$ 1,402,065
Operating services	343,045
Materials and supplies	54,165
Travel and other charges	20,816
Intergovernmental	105,371
Depreciation expense	<u>346,998</u>
Total Program Expenses	\$ 2,272,460
Program revenues:	
Fees and charges for library services	\$ 14,603
Fines and forfeitures	11,744
Miscellaneous revenues	<u>3,353</u>
Total Program Revenues	\$ 29,700
Net Program Expenses	<u>\$ 2,242,760</u>
General revenues:	
Taxes-ad valorem	\$ 2,898,084
Intergovernmental:	
State revenue sharing	91,688
Other state grants	3,495
Interest earned	<u>17,652</u>
Total General Revenues	<u>\$ 3,010,919</u>
Change in Net Position	\$ 768,159
Net Position-Beginning of Year(as restated)	<u>11,715,210</u>
Net Position- End of Year	<u>\$ 12,483,369</u>

The accompanying notes are an integral part of this statement.

ST. MARTIN PARISH LIBRARY
St. Martinville, Louisiana

(Statement C)

GOVERNMENTAL FUND-BALANCE SHEET

December 31, 2018

	<u>General Fund</u>
<u>ASSETS</u>	
Cash and interest bearing deposits	\$ 7,367,308
Receivables	<u>2,300,931</u>
TOTAL ASSETS	<u>\$ 9,668,239</u>
<u>LIABILITIES AND FUND BALANCE</u>	
<u>LIABILITIES</u>	
Accounts payable	\$ 59,820
Payroll liabilities payable	<u>-0-</u>
TOTAL LIABILITIES	<u>\$ 59,820</u>
<u>FUND BALANCE</u>	
Unassigned	<u>\$ 9,608,419</u>
TOTAL FUND BALANCE	<u>\$ 9,608,419</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 9,668,239</u>

The accompanying notes are an integral part of this statement.

ST. MARTIN PARISH LIBRARY

St. Martinville, Louisiana

(Statement D)

Reconciliation of Governmental Fund
Balance Sheet to the Statement of Net Position

For the Year Ended December 31, 2018

Total Fund Balance-Governmental Fund (Statement C)		\$ 9,608,419
Total net position reported for governmental activities in the Statement of Net Position is different because:		
Deferred outflows of resources		162,036
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost of capital assets	\$ 7,836,393	
Less: Accumulated depreciation	<u>(2,158,069)</u>	5,678,324
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds:		
Net pension asset/(liability)		73,995
Compensated absences payable		(145,766)
Net other post-employment benefit obligations		<u>(2,674,627)</u>
Deferred inflows of resources		<u>(219,012)</u>
Total Net Position(Statement A)		<u>\$ 12,483,369</u>

The accompanying notes are an integral part of this statement.

ST. MARTIN PARISH LIBRARY
 St. Martinville, Louisiana
GOVERNMENTAL FUND

(Statement E)

**STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE**

For the Year Ended December 31, 2018

	<u>General Fund</u>
<u>REVENUES</u>	
Taxes-ad valorem	\$ 2,898,084
Intergovernmental revenues:	
State revenue sharing	91,688
Other state grants	3,495
Fees and charges for library services	14,603
Fines and forfeitures	11,744
Use of money and property-interest earnings	17,652
Other revenues	3,353
	\$ 3,040,619
 <u>EXPENDITURES</u>	
Culture and recreation:	
Personal services and related benefits	\$ 1,190,042
Operating services	343,045
Materials and supplies	54,165
Travel and other charges	20,816
Intergovernmental	105,371
Capital outlay	1,299,684
	\$ 3,013,123
 EXCESS/ (Deficiency) OF REVENUES OVER EXPENDITURES	 \$ 27,496
 <u>OTHER FINANCING SOURCES</u>	 -0-
 EXCESS/ (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	 \$ 27,496
 FUND BALANCE AT BEGINNING OF YEAR	 9,580,923
 FUND BALANCE AT END OF YEAR	 \$ 9,608,419

The accompanying notes are an integral part of this statement.

ST. MARTIN PARISH LIBRARY

St. Martinville, Louisiana

(Statement F)

Reconciliation of Governmental Fund
Statement of Revenues, Expenditures, and Changes
In Fund Balances to the Statement of Activities

For the Year Ended December 31, 2018

Total net change in fund balances- Governmental funds (Statement E)	\$ 27,496
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation for the period.	952,687
Net pension expense is reported in governmental funds as expenditures as they are paid, however, in the statement of activities, the net pension expense is reported according to estimates required by GASB 68.	(18,221)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:	
Compensated absences	(57,603)
Net other post-employment benefit obligation	(136,200)
Change in net position of governmental activities (Statement B)	<u>\$ 768,159</u>

The accompanying notes are an integral part of this statement.

ST. MARTIN PARISH LIBRARY
St. Martinville, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The St. Martin Parish Library was established by the St. Martin Parish Government, under the provisions of Louisiana Revised Statute 25:211. The library provides citizens of the parish access to library material, books, magazines, records, and films. The library is governed by a board of control which is appointed by the parish government in accordance with the provisions of Louisiana Revised Statute 25:214. The members of the board of control serve without compensation.

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

A. REPORTING ENTITY

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

The Library is a component unit of the St. Martin Parish Council.

**B. BASIC FINANCIAL STATEMENTS-
GOVERNMENT-WIDE STATEMENTS**

The library's basic financial statements include both government-wide (reporting the library as a whole) and fund financial statements (reporting the library's major fund). Both government-wide and fund financial statements categorize primary activities as either governmental or business type. All activities of the library are classified as governmental. The Statement of Net Position (Statement A) and the Statement of Activities (Statement B) display information about the reporting government as a whole. These statements include all the financial activities of the library.

ST. MARTIN PARISH LIBRARY

St. Martinville, Louisiana

Notes to the Financial Statements (Continued)

In the Statement of Net Position and the Statement of Activities, governmental activities are presented on a consolidated basis and are presented on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term obligations. Net position is reported in three parts; invested in capital assets, restricted and unrestricted. The library first uses restricted resources to finance qualifying activities.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Program Revenues-Program revenues included in the Statement of Activities (Statement B) are derived directly from parties outside the library's taxpayers or citizenry. Program revenues reduce the cost of the function to be financed from the library's general revenues.

C. BASIC FINANCIAL STATEMENTS-FUND FINANCIAL STATEMENTS

The financial transactions of the library are reported in individual funds in the fund financial statements. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. The daily accounts and operations of the Library continue to be organized on the basis of funds, each of which is considered a separate accounting entity. The operation of the fund is accounted for with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures.

Fund financial statements report detailed information about the library. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. The library maintains a single governmental fund, the General Fund, which is used to account for the general operations, and all financial resources of the library system. The General Fund is always a major fund, as defined by (GASB). No other funds are maintained or required to be maintained by the library.

ST. MARTIN PARISH LIBRARY

St. Martinville, Louisiana

Notes to the Financial Statements (Continued)

D. BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurement made regardless of the measurement focus applied.

1. Accrual:

Both governmental and business type activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The library considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when

ST. MARTIN PARISH LIBRARY

St. Martinville, Louisiana

Notes to the Financial Statements (Continued)

the obligations are expected to be liquidated with expendable available financial resources. The library uses the following practices in recognizing and reporting revenues and expenditures within its governmental fund(s):

Revenues – Ad valorem taxes and the related state revenue sharing are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, attach as an enforceable lien, and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Taxes are budgeted and the revenue recognized in the year they are billed.

Louisiana Revised Statute 47:1993 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December of the current year and January and February of the ensuing year.

Fees, fines, and forfeitures are recorded when the library is entitled to the funds.

Interest income on time deposits is recorded when the time deposits have matured and the interest is available.

Interest income on demand deposits is recorded monthly when the interest is earned and credited to the account.

Substantially all other revenues are recorded when received. Based on the above criteria, ad valorem taxes, state revenue sharing, and fees, fines and forfeitures have been treated as susceptible to accrual.

Expenditures – generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

E. USE OF ESTIMATES

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

ST. MARTIN PARISH LIBRARY

St. Martinville, Louisiana

Notes to the Financial Statements (Continued)

F. CASH AND INTEREST BEARING DEPOSITS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Investments are stated at cost, which approximates market value. These investments consist wholly of time certificates of deposit which are fully secured through the pledge of bank-owned securities or federal deposit insurance. 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.

The Library may invest in United States bonds, treasury notes or certificates, or time certificates of deposit of state banks organized under the laws of the Louisiana and national banks having their principal office in the State of Louisiana, an investment as stipulated in LSV-R.S. 39-1271, or any other federally insured investment. The monies which statutes permit the Library to invest are monies in any general fund or special fund of the Library which the Library determines to be available for investment and which are not specifically exempted or prohibited from investment under existing federal or state statutes.

The carrying amount of cash and interest bearing deposits are displayed on the balance sheet at December 31, 2018 as follows:

	<u>Book Balance</u>
Demand Deposits	\$ 999,308
Investments, at cost (Time Deposits)	6,368,000
Total	<u>\$ 7,367,308</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 will not be able to recover the collateral securities that are in the possession of an outside party. 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.

ST. MARTIN PARISH LIBRARY

St. Martinville, Louisiana

Notes to the Financial Statements (Continued)

Deposit balances with banks(collected balances) at December 31, 2018 are secured as follows:

	<u>Bank Balance</u>	<u>FDIC Insurance</u>	<u>Balance Uninsured</u>
Cash(Demand & Time Deposits)	\$ 7,167,040	\$ 500,000	\$ 6,667,040
Pledged Securities (Category 3)			<u>11,263,152</u>
Excess FDIC insurance and pledged securities over cash balances			<u>\$ (4,596,112)</u>

As of December 31, 2018, the Library's bank deposit balances were fully insured and/or collateralized with securities held in the name of the Library by the pledging financial institution's agent and, therefore, were not exposed to custodial credit risk. Total bank balances and total carrying amount of deposits do not include petty cash in the amount of \$200 on hand at year end.

G. ACCOUNTS RECEIVABLE

The financial statements of the Library contain an allowance for uncollectible accounts equivalent to 7.33% of the gross ad valorem taxes billed for the current calendar year. The total provision for uncollectible ad valorem taxes for fiscal year ended December 31, 2018 is \$215,744 in the aggregate.

H. CAPITAL ASSETS

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Library maintains a threshold level of \$1,000 or more, except for the library collection, for capitalizing capital assets. These financial statements include capital assets acquired subsequent to December 31, 1998. All capital assets owned prior to January 1, 1999 are accounted for by the St. Martin Parish Government.

Capital assets are reported in the government-wide financial statements as fixed depreciable assets. In the fund financial statements, capital assets used in governmental fund operations are accounted for as a capital outlay expenditure of the governmental fund upon acquisition. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes by the Library, no salvage value is taken into consideration for depreciation purposes. All

ST. MARTIN PARISH LIBRARY

St. Martinville, Louisiana

Notes to the Financial Statements (Continued)

capital assets, other than land, are depreciated using the straight-line method over the following useful lives.

<u>Description</u>	<u>Estimated Lives</u>
Building and building improvements	20-40 years
Furniture and fixtures	5-10 years
Vehicles	5-15 years
Equipment	5-20 years
Library collection	5 years

I. COMPENSATED ABSENCES

Employees of the Library accrue unlimited amounts of annual and sick leave at varying rates according to years of service. Upon termination or resignation, unused annual leave up to a maximum of 30 days is paid to the employee at the employee's current rate of pay; however, all unused sick leave is forfeited. Upon retirement, all unused annual leave and a portion of unused sick leave (per formula of the Parochial Employees Retirement System) are used in the retirement benefit computation as earned service.

During fiscal year 2018, employees of the Library had accumulated an additional \$57,603 of net employee leave benefits, for a cumulative total of \$145,766 of employee leave benefits at December 31, 2018, computed in accordance with GASB Codification Section C60. This amount is recorded as a non-current liability in the government-wide financial statements.

2. LEVIED TAXES

The ad valorem tax millage levied by the Library was 7.65 for the year ended December 31, 2018.

Details of the parish's tax calendar are as follows:

Lien Date:	June 1,
Levy Date:	August 5,
Due Date:	December 1,
Collection Date:	On or prior to December 31,

Total taxes levied were \$2,945,650 for 2018.

ST. MARTIN PARISH LIBRARY

St. Martinville, Louisiana

Notes to the Financial Statements (Continued)

3. RECEIVABLES

The general fund receivables at December 31, 2018 are as follows:

<u>Class of Receivables</u>	
Taxes -- ad valorem (net of allowance for uncollectibles of \$215,744)	<u>\$ 2,516,675</u>
Total	<u>\$ 2,516,675</u>

4. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets being depreciated follows:

	<u>Balance</u> <u>Jan. 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31</u>
2018:				
Construction in progress	\$ 409,229	\$ 965,939	\$ 1,375,168	\$ -
Building and improvements	3,993,824	1,375,168	-	5,368,992
Furniture and equipment	529,748	184,352	-	714,100
Vehicles	27,571	-	-	27,571
Library materials	1,799,155	149,393	229,868	1,718,680
Total	<u>\$ 6,759,527</u>	<u>\$ 2,674,852</u>	<u>\$ 1,605,036</u>	<u>\$ 7,829,343</u>
Less accumulated depreciation	<u>2,040,939</u>	<u>346,998</u>	<u>229,868</u>	<u>2,158,069</u>
Net capital assets-2018	<u>\$ 4,718,588</u>	<u>\$ 2,327,854</u>	<u>\$ 1,375,168</u>	<u>\$ 5,671,274</u>

Capital assets not being depreciated consist of land with an original historical cost of \$7,050.

ST. MARTIN PARISH LIBRARY

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Notes to the Financial Statements (Continued)

5. PENSION PLAN

The employer pension schedules for the Parochial Employees' Retirement System of Louisiana are prepared using the accrual basis of accounting. Members' earnable compensation, for which the employer allocations are based, is recognized in the period in which the employee is compensated for services performed. For purposes of measuring the net pension liability/asset, deferred outflows of resources or deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Parochial Employees' Retirement System of Louisiana and additions to/deductions from the Retirement System's fiduciary net position have been determined on the same basis as they are reported by the Retirement System. For this purpose, benefit payments(including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Description

Substantially all of the St. Martin Parish Library employees participates in Plan A of the Parochial Employees Retirement System of Louisiana(System), which is a cost-sharing, multiple-employer defined benefit pension plan established by Act 205 of the 1952 regular session of the Legislature of the State of Louisiana to provide retirement allowances and other benefits as stated under the provisions of R.S. Title 11:1901 through 2025 for eligible employees of any parish or any governing body of a parish which employs and pays persons serving the parish. Act 765 of the year 1979, established by the Legislature of the State of Louisiana, revised the System to create Plan A and Plan B to replace the "regular plan" and the "supplemental plan". Plan A was designated for employers out of Social Security. Plan B was designated for those employers that remained in Social Security on the revision date. The Parochial Employees' Retirement System of Louisiana issues a stand-alone report on their financial statements. Access to the report can be found on the Louisiana Legislative Auditor's website, www.lla.la.gov.

Benefits Provided

The System provides retirement, deferred retirement, disability and death benefits. Retirement benefits are generally equal to 3.0% of the member's final average compensation multiplied by the years of creditable service. For members hired prior to January 1, 2007 they may retire with full benefits after completing 30 years of service, retire at age 55 after completing 25 years of service, retire at age 60 after completing 10 years of service or retire at age 65 after completing 7 years of service. For members hired after January 1, 2007 they may retire with full benefits at age 55 after completing 30 years of service, retire at age 62 after completing 10 years of service or retire at age 67 after completing 7 years of service. Act 338 of 1990 established the Deferred Retirement Option Plan(DROP) for the System. When a member enters DROP their status changes from active to retired even though they continue to work and draw their salary for up to three

ST. MARTIN PARISH LIBRARY

St. Martinville, Louisiana

Notes to the Financial Statements (Continued)

years. During the three year period, employer contributions continue but employee contributions cease. The election to participate in drop is irrevocable once participation begins. The monthly retirement benefits are paid into the DROP Fund. Upon termination of employment a participant in DROP may receive a lump sum equal to payments into the participant's account, an annuity or a roll over to an Individual Retirement Account. Members hired before January 1, 2007 with 5 or more years of service who become disabled may receive retirement benefits determined in the same manner as normal retirement benefits. Members hired after January 1, 2007 with 7 or more years of service who become disabled may receive retirement benefits determined in the same manner as normal retirement benefits. Death benefits are payable to eligible surviving dependents based on the deceased member's years of creditable service and compensation and the dependent's relationship to the deceased member. The System provides permanent benefit increases, cost of living adjustments (COLA) as approved by the State Legislature.

Employer Contributions

According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2017, the actuarially determined contribution rate was 9.35% of members compensation for Plan A. However, the actual employer contribution rate was 11.5% for Plan A. Contributions to the system also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. The System also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation of each plan. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations. The Library recognized \$7,411 of non-employer contributions. Under Plan A, members are required to contribute 9.5% of their annual covered salary. The Library's payroll related contributions to the system for the year ended December 31, 2018 was \$67,355.

Pension Liabilities/Assets

At December 31, 2018, the Library reported an asset of \$73,995 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017 and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Library's proportion of the net pension asset was based on a projection of the Library's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2017, the Library's proportion was .099690%, which was an increase of .003993% from its proportion measured as of December 31, 2016.

ST. MARTIN PARISH LIBRARY

St. Martinville, Louisiana

Notes to the Financial Statements (Continued)

Pension Expense

For the year ended December 31, 2018, the Library recognized pension expense of \$93,077.

Deferred Outflows of Resources and Deferred Inflows of Resources

Related to Pensions

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

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Difference between expected and actual experience	\$ -	\$ (47,898)
Changes of assumptions	93,392	
Net difference between projected and actual earnings on pension plan investments	-	(170,949)
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,289	(165)
Employer contributions subsequent to the measurement date	<u>67,355</u>	<u>-</u>
	<u>\$ 162,036</u>	<u>\$ (219,012)</u>

The Library reported \$67,355 as deferred outflows of resources related to pensions resulting from Library contributions subsequent to the measurement date and will be recognized as a reduction of the net pension asset in the following fiscal year.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense/(benefit) as follows:

For the year ended	Amount
December 31,	
2019	\$ 11,427
2020	(10,884)
2021	(57,120)
2022	<u>(67,754)</u>
Total	<u>\$ (124,331)</u>

ST. MARTIN PARISH LIBRARY

St. Martinville, Louisiana

Notes to the Financial Statements (Continued)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2017 are as follows:

Valuation Date:	December 31, 2017
Actuarial Cost Method:	Plan A-Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	4 Years for Plan A
Investment Rate of Return	6.75%, net of investment expense
Projected Salary Increases	Plan A-5.25%(2.75% merit, 2.50% inflation)
Mortality Rates	RP-2000 Employee Sex Distinct Mortality Table was selected for active members. RP-2000 Healthy Annuitant Sex Distinct Mortality Tables were selected for healthy annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and included previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model(top-down), a treasury yield curve approach(bottom-up) and an equity building-block model(bottom-up).

Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return(expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.0% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 6.75%.

ST. MARTIN PARISH LIBRARY

St. Martinville, Louisiana

Notes to the Financial Statements (Continued)

Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	35.00%	1.24%
Equity	52.00%	3.57%
Alternatives	11.00%	.69%
Real Assets	<u>2.00%</u>	<u>.12%</u>
Total	100.00%	5.62%
Inflation		<u>2.00%</u>
Expected Arithmetic Nominal Rate		<u>7.62%</u>

Discount Rate

The discount rate used to measure the collective pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Library's proportionate share of the collective net pension liability using the discount rate of 6.75%, as well as what the Library's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower(5.75%) or one percentage-point higher(7.75%) than the current rate.

	1.0% Decrease <u>5.75%</u>	Current Discount Rate <u>6.75%</u>	1.0% Increase <u>7.75%</u>
Library's proportionate share of the net pension liability(asset)	364,820	(73,995)	(464,730)

ST. MARTIN PARISH LIBRARY

St. Martinville, Louisiana

Notes to the Financial Statements (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the Parochial Employees' Retirement System of Louisiana's fiduciary net position can be found on the System's website at www.persla.org.

6. POST-RETIREMENT HEALTH CARE INSURANCE BENEFITS

Plan Description

The St. Martin Parish Library (the Library) provides certain continuing health care and life insurance benefits for its retired employees. The St. Martin Parish Library's OPEB plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the Library. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the Library. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52 *Postemployment Benefits Other Than Pensions-Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria-Defined Benefit*.

Benefits Provided

Medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement. Employees are covered by the Parochial Employees' Retirement System of Louisiana, whose retirement eligibility (DROP entry) provisions are as follows: 30 years of service at any age; age 55 and 25 years of service; age 60 and 10 years of service; or, age 65 and 7 years of service. For employees hired on or after January 1, 2007, retirement eligibility (DROP entry) provisions are as follows: age 55 and 30 years of service; age 62 and 10 years of service; or, age 67 and 7 years of service.

Employees covered by benefit terms – At December 31, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	6
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>15</u>
	<u>21</u>

Total OPEB Liability

The Library's total OPEB liability of \$2,674,627 was measured as of December 31, 2018 and was determined by an actuarial valuation as of that date.

ST. MARTIN PARISH LIBRARY

St. Martinville, Louisiana

Notes to the Financial Statements (Continued)

Actuarial Assumptions and Other Inputs - The Library's total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.0%
Salary increases	3.5%
Discount rate	4.1%, annually
Healthcare cost trend rates	Level 5.5% annually

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index as of December 31, 2018, the end of the applicable measurement period.

Mortality rates were based on the RP-2000 Table without projection with 50%/50% unisex blend.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of ongoing evaluations of the assumptions from January 1, 2009 to December 31, 2018.

Changes in Total OPEB Liability:

Total OPEB obligation-beginning of year, as restated	\$2,538,427
Changes for the year:	
Service cost	102,982
Interest on net OPEB obligation	106,790
Difference between expected and actual experience	-
Changes in assumptions	-
Benefit payments and net transfers	<u>(73,572)</u>
Net Changes	<u>136,200</u>
Net OPEB obligation at end of year	<u>\$2,674,627</u>

Sensitivity of the total OPEB liability to changes in the discount rate - The following presents the total OPEB liability of the Library, as well as what the Library's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower(3.10%) or 1-percentage point higher(5.10%) than the current discount rate:

	1.0% Decrease	Current Discount Rate	1.0% Increase
Total OPEB Liability	3,168,518	2,674,627	2,286,530

ST. MARTIN PARISH LIBRARY

St. Martinville, Louisiana

Notes to the Financial Statements (Continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate – The following presents the total OPEB liability of the Library, as well as what the Library’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower(4.0%) or 1-percentage point higher(6.0%) than the current healthcare cost trend rate:

	1.0% Decrease 4.0%	Current Healthcare Cost Trend Rate 5.0%	1.0% Increase 6.0%
Total OPEB Liability	\$ 2,264,602	\$ 2,674,627	\$ 3,199,380

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended December 31, 2018, the Library recognized OPEB expense of \$209,772. At December 31, 2018, the Library had no reported deferred outflows of resources or deferred inflows of resources related to OPEB.

Future amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense over a five year amortizable period, subsequent to the measurement date.

7. ACT 706-SCHEDULE OF COMPENSATION, REIMBURSEMENTS, BENEFITS AND OTHER PAYMENTS TO ENTITY HEAD

Under Act 706, the St. Martin Parish Library is required to disclose the compensation, reimbursements, benefits and other payments made to the library director, in which payments are related to the position. The following is a schedule of payments made to the library director for the year ended December 31, 2018:

Entity Head: Charlar Brew, Library Director

Salary	\$ 93,350
Benefits-medical insurance	-0-
Benefits-retirement	8,868
Benefits-other	-0-
Reimbursements	<u>2,111</u>
Total	<u>\$104,329</u>

ST. MARTIN PARISH LIBRARY

St. Martinville, Louisiana

Notes to the Financial Statements (Continued)

8. LITIGATION AND CLAIMS

At December 31, 2018 the St. Martin Parish Library is not involved in any litigation, nor is it aware of any unasserted claims.

9. RISK MANAGEMENT

The Library is exposed to risks of loss in the areas of general and auto liability and workers' compensation. Those risks are handled by purchasing commercial insurance. There have been no significant reductions in insurance coverage during the current and previous fiscal years. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts.

10. BOARD OF CONTROL

Members of the St. Martin Parish Library Board of Control at December 31, 2018 are as follows:

Tommy Romero	Freda Harrison
Charlene LeBlanc	Chenita Broussard
Georgie Blanchard	Cramin Wiltz
Brenda Hobbs	

No compensation or per diem was paid to these individuals during the year.

11. ON-BEHALF PAYMENTS

Because the Library is one of several governmental agencies receiving proceeds from a property tax assessment, state law(R.S. 11:82) required the Library to bear a pro-rata share of the pension expense relating to state and statewide public retirement systems. The Library's pro-rata share of the required contribution was \$105,371 that was withheld by the St. Martin Parish Sheriff from property tax collections to satisfy the Library's obligation. The Sheriff withholds the entire amount of this obligation in January each year even though some of the property taxes may never be collected.

The \$105,371 withheld by the Sheriff has been included as part of "intergovernmental" expenditure of the General Fund in these financial statements. The Library has likewise increased its property tax revenue by the same amount of this intergovernmental expenditure.

ST. MARTIN PARISH LIBRARY

St. Martinville, Louisiana

Notes to the Financial Statements (Continued)

12. LEASES

The St. Martin Parish Library is party to several operating lease agreements for certain copier equipment. The term of each lease is thirty-six months, with aggregate monthly payments of \$875.96. Total lease payments under these lease agreements were \$10,512 during fiscal year 2018. Minimum future rentals to be paid on this lease agreement are \$12,263, payable as follows:

2019	\$10,511
2020	<u>1,752</u>
Total	<u>\$12,263</u>

13. SUBSEQUENT EVENT REVIEW

The St. Martin Parish Library's management has evaluated subsequent events through May 31, 2019, the date on which the financial statements were available to be issued.

14. CHANGE IN ACCOUNTING PRONOUNCEMENTS

During the fiscal year ended December 31, 2018, the Library adopted the Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. The statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. This resulted in a restatement of previously reported net position, as follows:

	Governmental Activities
January 1, 2018 net position, as reported	\$13,572,472
Prior period adjustment:	
Change in accounting principle:	
Net effect of recording OPEB liability	<u>(1,857,262)</u>
January 1, 2018 net position, as restated:	<u>\$11,715,210</u>

REQUIRED SUPPLEMENTARY INFORMATION

ST. MARTIN PARISH LIBRARY
St. Martinville, Louisiana
GOVERNMENTAL FUND TYPE-GENERAL FUND

(Schedule 1)

Combined Statement of Revenues, Expenditures,
 And Changes in Fund Balance –
 Budget (GAAP Basis) and Actual
 For the Year Ended December 31, 2018

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FAVORABLE (UNFAVORABLE)</u>
<u>REVENUES</u>				
Ad valorem taxes	\$ 2,800,000	\$ 2,800,000	\$ 2,898,084	\$ 98,084
State funds:				
State revenue sharing	91,758	91,758	91,688	(70)
Other state grants	3,295	3,295	3,495	200
Fees and charges for library services	21,500	21,500	14,603	(6,897)
Fines and forfeitures	-	-	11,744	11,744
Use of money and property- Interest earnings	12,000	12,000	17,652	5,652
Other revenues	-	-	3,353	3,353
TOTAL REVENUES	<u>\$ 2,928,553</u>	<u>\$ 2,928,553</u>	<u>\$ 3,040,619</u>	<u>\$ 112,066</u>
<u>EXPENDITURES</u>				
Culture and recreation:				
Personal services and related benefits	\$ 1,672,899	\$ 1,672,899	\$ 1,190,042	\$ 482,857
Operating services	477,700	477,700	343,045	134,655
Materials and supplies	62,000	62,000	54,165	7,835
Travel and other charges	60,000	60,000	20,816	39,184
Capital Outlay	1,785,605	1,785,605	1,299,684	485,921
Intergovernmental	200	200	105,371	(105,171)
TOTAL EXPENDITURES	<u>\$ 4,058,404</u>	<u>\$ 4,058,404</u>	<u>\$ 3,013,123</u>	<u>\$ 1,045,281</u>
EXCESS/(Deficiency) OF REVENUES OVER EXPENDITURES	<u>\$ (1,129,851)</u>	<u>\$ (1,129,851)</u>	<u>\$ 27,496</u>	<u>\$ 1,157,347</u>
<u>OTHER FINANCING SOURCES</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS/(Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	<u>\$ (1,129,851)</u>	<u>\$ (1,129,851)</u>	<u>\$ 27,496</u>	<u>\$ 1,157,347</u>
FUND BALANCES-BEG. OF YEAR	<u>9,580,922</u>	<u>9,580,922</u>	<u>9,580,922</u>	<u>-</u>
FUND BALANCES-END OF YEAR	<u>\$ 8,451,071</u>	<u>\$ 8,451,071</u>	<u>\$ 9,608,418</u>	<u>\$ 1,157,347</u>

See accompanying notes to required supplementary information.

St. Martin Parish Library
 Schedule of Changes in Net OPEB Liability and Related Ratios
 For the Year Ended December 31, 2018

(Schedule 2)

Total OPEB Liability*	
Service cost	\$ 102,982
Interest	106,790
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments	<u>(73,572)</u>
Net Change in total OPEB liability	\$ 136,200
Total OPEB Liability – beginning	<u>2,538,427</u>
Total OPEB Liability – ending	<u>\$2,674,627</u>
Covered employee payroll	<u>\$ 544,502</u>
Net OPEB liability as a percentage of covered employee payroll	491.20%

*Equal to net OPEB Liability

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

See accompanying notes to required supplementary information.

St. Martin Parish Library
 Schedule of St. Martin Parish Library's Proportionate
 Share of the Net Pension Liability/Asset-
 Parochial Employees' Retirement System of Louisiana

For the Year Ended December 31, 2018

(Schedule 3)

* Year Ended Dec. 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
2015	0.094667%	\$25,883	\$524,550	4.93%	99.15%
2016	0.097410%	\$256,411	\$559,103	45.86%	92.23%
2017	0.095697%	\$197,089	\$567,538	34.72%	94.15%
2018	0.099690%	\$(73,995)	\$613,610	12.05%	101.98%

*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.

See accompanying notes to required supplementary information.

St. Martin Parish Library
 Schedule of St. Martin Parish Library's Contributions
 Parochial Employees' Retirement System of Louisiana

For the Year Ended December 31, 2018

(Schedule 4)

Year Ended <u>Dec. 31</u>	Contractually Required <u>Contribution</u>	Contributions in Relation to Contractually Required <u>Contributions</u>	Contribution Deficiency <u>Excess</u>	Employer's Covered Employee <u>Payroll</u>	Contributions as a % of Covered Employee <u>Payroll</u>
2015	\$ 80,984	\$ 80,984	\$ -	\$ 559,103	14.5%
2016	\$ 73,780	\$ 73,780	\$ -	\$ 567,538	13.0%
2017	\$ 76,701	\$ 76,701	\$ -	\$ 613,610	12.5%
2018	\$ 67,355	\$ 67,355	\$ -	\$ 585,696	11.5%

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

See accompanying notes to required supplementary information.

ST. MARTIN PARISH LIBRARY

Year Ended December 31, 2018

Notes to Required Supplementary Information

Note 1. Budgets and Budgetary Accounting

Annually, the administrative librarian prepares a comprehensive operating budget for the General Fund for the fiscal year commencing the following January 1 on a basis consistent with generally accepted accounting principles (GAAP). The proposed budget is published in the official journal at least ten days prior to holding a public budget hearing. The budget hearing is held at least fifteen days prior to the beginning of each fiscal year for public participation. The budget is then legally adopted by the board of control and amended during the year as necessary. All budgetary appropriations lapse at fiscal year end.

Formal budgetary integration and interim budget reporting practices are not employed by the Library. Budgeted amounts reported in the accompanying financial statements include original budget amounts and all subsequent amendments.

Note 2. OPEB

Benefit Changes - There were no changes of benefit terms.

Changes of Assumptions – There were no changes in assumptions.

Note 3. Pension Plan

Benefit Changes - There were no changes of benefit terms.

Changes of Assumptions –

Year Ended <u>Dec. 31</u>	<u>Discount Rate</u>	<u>Investment Rate of Return</u>	<u>Inflation Rate</u>	<u>Expected Remaining Service Lives</u>	<u>Projected Salary Increase</u>
2015	7.25%	7.25%	3.00%	4	5.75%
2016	7.00%	7.00%	2.50%	4	5.25%
2017	7.00%	7.00%	2.50%	4	5.25%
2018	6.75%	6.75%	2.50%	4	5.25%

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

REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS

MARAIST & MARAIST

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INDEPENDENT AUDITORS' 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*

To the Board of Control
St. Martin Parish Library
St. Martinville, Louisiana

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

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the St. Martin Parish 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 an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the St. Martin Parish Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the St. Martin Parish 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 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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control

that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 18/1, that we consider to be a *significant deficiency* in internal control.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the St. Martin Parish Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

St. Martin Parish Library's Response to Findings

The St. Martin Parish Library's response to the findings identified in our audit is described in the accompanying summary schedule of audit findings and questioned costs. The Library's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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


MARAIST AND MARAIST
CERTIFIED PUBLIC ACCOUNTANTS

St. Martinville, Louisiana
May 31, 2019

ST. MARTIN PARISH LIBRARY
Schedule of Findings and Questioned Costs (Schedule 5)
For the Year Ended December 31, 2018

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of the St. Martin Parish Library.
2. One control deficiency relating to the financial statements of the St. Martin Parish Library was identified during the audit. It was not considered to be a material weakness.
3. No instances of noncompliance material to the financial statements of the St. Martin Parish Library was disclosed during the audit.
4. There was no single audit required under the 2CFR 200.516(a) (Uniform Guidance).

B. FINDINGS – FINANCIAL STATEMENT AUDIT

Finding 18/1

Condition: As is common in small organizations, the Library does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in preparing its financial statements, including related notes. As such management has chosen to engage the auditor to prepare the annual financial statements. This condition is intentional by management based upon the Library's limited administrative personnel, along with the cost effectiveness of acquiring the ability to prepare financial statements in accordance with GAAP. Based on this decision, internal controls over the preparation of the financial statements, including the notes, in accordance with GAAP have not been established. Under generally accepted auditing standards, this represents a significant deficiency in internal controls.

Recommendation: The Library has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the Library to outsource this task to its independent auditors, and carefully review the draft financial statements and notes prior to approving them and accepting responsibility for the contents and presentation.

Management's Response: Management has agreed with the auditors' finding and recommendation.

C. FEDERAL AWARD FINDINGS

Not applicable.

D. MANAGEMENT LETTER

A management letter was not issued in connection with the audit for the year ended December 31, 2018.

ST. MARTIN PARISH LIBRARY
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2018

(Schedule 6)

**A. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE
BASIC FINANCIAL STATEMENTS**

Finding 17/1-Internal control over financial statement preparation

STATUS: UNRESOLVED

**B. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO
FEDERAL AWARDS**

The St. Martin Parish Library did not receive federal awards during the year ended December 31, 2017.

C. MANAGEMENT LETTER

A management letter was not issued in connection with the audit for the year ended December 31, 2017.

MARAIST & MARAIST

CERTIFIED PUBLIC ACCOUNTANTS

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LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of the St. Martin
Parish Library Board of Control
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the St. Martin Parish Library Board of Control 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, 2018 through December 31, 2018. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. We obtained and inspected the entity's written policies and procedures and observed that they address each of the following categories and subcategories:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and 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.
 - c) **Disbursements**, including processing, reviewing, and approving
 - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- 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.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- 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.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Board or Finance Committee

- 2. We obtained and inspected the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) We observed that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.
 - c) For governmental entities, we obtained the prior year audit report and observed the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observed that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Bank Reconciliations

3. We obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. We asked management to identify the entity's main operating account. We selected the entity's main operating account and randomly selected 4 additional accounts (or all accounts if less than 5). We randomly selected one month from the fiscal period, we obtained and inspected the corresponding bank statement and reconciliation for each selected account, and observed that:
 - a) Bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged);
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Collections

4. We obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. We randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, we obtained a listing of collection locations and management's representation that the listing is complete. We randomly selected one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), we obtained and inspected written policies and procedures relating to employee job duties (if no written policies or procedures, we inquired of employees about their job duties) at each collection location, and observed that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation
6. We inquired of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. We randomly selected two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (or selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected a deposit if multiple deposits are made on the same day) *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* We obtained supporting documentation for each of the 10 deposits and:
 - a) Observed that receipts are sequentially pre-numbered.
 - b) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Traced the deposit slip total to the actual deposit per the bank statement.
 - d) Observed that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - e) Traced the actual deposit per the bank statement to the general ledger.

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

8. Obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. We randomly select 5 locations (or all locations if less than 5)
9. For each location selected under #8 above, we obtained a listing of those employees involved with non-payroll purchasing and payment functions. We obtained written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, we inquired of employees about their job duties), and observed that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Finding: The Library employs Quickbooks(Intuit) accounting software, which does not allow them to restrict any users from adding vendors.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, we obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. We randomly select 5 disbursements for each location, obtained supporting documentation for each transaction and:
- a) Observed that the disbursement matched the related original invoice/billing statement.
 - b) Observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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

11. We obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. We obtained management's representation that the listing is complete.
12. Using the listing prepared by management, we randomly selected 5 cards (or all cards if less than 5) that were used during the fiscal period. We randomly selected one monthly statement or combined statement for each card (for a debit card, we randomly select one monthly bank statement), obtained supporting documentation, and:
- a) We observed that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - b) We observed that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, we randomly selected 10 transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, we observed that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Travel and Travel-Related Expense Reimbursements. (excluding card transactions)

14. We obtained from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. We randomly selected 5 reimbursements, obtained the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, we agreed the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, we observed that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) We observed that each reimbursement is supported by documentation of the business/public purpose (for meal charges, we observed that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) We observed that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

15. We obtained from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list*. We obtained management's representation that the listing is complete. We randomly selected 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observed that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observed that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observed that the original contract terms provided for such an amendment.
 - d) We randomly selected one payment from the fiscal period for each of the 5 contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

Payroll and Personnel

16. We obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. We randomly selected 5 employees/officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.
17. We randomly selected one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, we obtained attendance records and leave documentation for the pay period, and:
 - a) Observed that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observed that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observed that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. We obtained a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. We randomly selected two employees/officials, obtained related documentation of the hours and pay rates used in management's termination payment calculations, agreed the hours to the employee/officials' cumulate leave records, and agreed the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. We obtained management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, we obtained ethics documentation from management, and:
 - a. Observed that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observed that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Debt Service

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

22. We obtained a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. We randomly selected one bond/note, inspect debt covenants, obtained supporting documentation for the reserve balance and payments, and agreed actual reserve balances and payments to those required by debt covenants.

Other

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

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

Findings

Disbursements: The St. Martin Parish Library uses Quickbooks(Intuit) accounting software, which does not allow them to restrict any user from adding vendors.

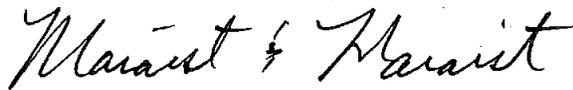
In accordance with the Statewide Agreed-Upon Procedures, certain categories may be excluded from testing. Therefore, the following categories were not tested this year: Written Policies and Procedures, Credit Cards/Debit Cards/Fuel Cards/P-Cards, Travel and Travel-Related Expense Reimbursements, Contracts, Payroll and Personnel, Ethics, Debt Service.

Management's Response

Management of the St. Martin Parish Library Board of Control concurs with the exception noted and is working to alleviate and mitigate the deficiency identified, to the extent possible.

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

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



Maraist & Maraist
Certified Public Accountants

St. Martinville, Louisiana
May 31, 2019