

ST. MARTIN PARISH LIBRARY
St. Martinville, Louisiana

Annual Financial Statements
With Independent Auditors' Report

As of And For the Year Ended
December 31, 2013

With Supplemental Informational Schedules

ST. MARTIN PARISH LIBRARY
St. Martinville, Louisiana

Annual Financial Statements
As of and for the Year Ended December 31, 2013

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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, 2013 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 of 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 of 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.

Opinion

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 as of December 31, 2013, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

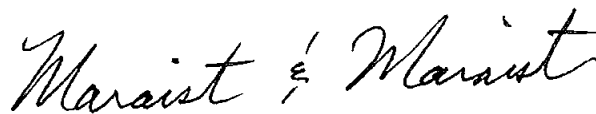
Accounting principles generally accepted in the United States of America require that the budgetary comparison information (page 27-29) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, and 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.

As described in Note 12 to the financial statements, the Library adopted the provisions of Governmental Accounting Standards Board (GASB) Statement 65, *Items Previously Reported as Assets and Liabilities*.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated May 21, 2014 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, grants 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 21, 2014

BASIC FINANCIAL STATEMENTS

ST. MARTIN PARISH LIBRARY
St. Martinville, Louisiana

(Statement A)

STATEMENT OF NET POSITION

December 31, 2013

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and interest bearing deposits	\$ 6,535,772
Receivables (net of allowance for uncollectibles)	2,282,809
Capital assets (not depreciated)	385,486
Capital assets (net of accumulated depreciation)	<u>704,464</u>
TOTAL ASSETS	<u>\$ 9,908,531</u>
<u>LIABILITIES</u>	
Accounts payable	\$ 59,957
Non-current liabilities:	
Due within one year(compensated absences)	56,610
Due in more than one year(net OPEB obligation)	<u>489,837</u>
TOTAL LIABILITIES	<u>\$ 606,404</u>
<u>NET POSITION</u>	
Net investment in capital assets	\$ 1,089,950
Restricted for capital outlay	3,699,966
Unrestricted	<u>4,512,211</u>
TOTAL NET POSITION	<u>\$ 9,302,127</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, 2013

	Governmental <u>Activities</u>
Program Expenses:	
Culture and recreation:	
Personal services	\$ 1,030,931
Operating services	417,444
Materials and supplies	35,090
Travel and other charges	13,437
Intergovernmental	90,396
Depreciation expense	<u>231,298</u>
Total Program Expenses	\$ 1,818,596
Program revenues:	
Fees and charges for library services	\$ 11,515
Fines and forfeitures	10,247
Miscellaneous revenues	<u>23</u>
Total Program Revenues	<u>\$ 21,785</u>
Net Program Expenses	<u>\$ 1,796,811</u>
General revenues:	
Taxes-ad valorem	\$ 2,515,225
Intergovernmental:	
State revenue sharing	90,295
Other state grants	6,809
Interest earned	<u>15,358</u>
Total General Revenues	<u>\$ 2,627,687</u>
Change in Net Position	\$ 830,876
Net Position-Beginning of Year	<u>8,471,251</u>
Net Position- End of Year	<u>\$ 9,302,127</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, 2013

	<u>General Fund</u>
<u>ASSETS</u>	
Cash and interest bearing deposits	\$ 6,535,772
Receivables	<u>2,282,809</u>
TOTAL ASSETS	<u>\$ 8,818,581</u>
<u>LIABILITIES AND FUND BALANCE</u>	
<u>LIABILITIES</u>	
Accounts payable	\$ 59,957
Payroll liabilities payable	<u>-0-</u>
TOTAL LIABILITIES	<u>\$ 59,957</u>
<u>FUND BALANCE</u>	
Assigned to capital outlay	\$ 3,699,966
Unassigned	<u>5,058,658</u>
TOTAL FUND BALANCE	<u>\$ 8,758,624</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 8,818,581</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, 2013

Total Fund Balance-Governmental Fund (Statement C)		\$ 8,758,624
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.		
Cost of capital assets	\$ 2,802,626	
Less: Accumulated depreciation	<u>(1,712,676)</u>	1,089,950
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds:		
Compensated absences payable		(56,610)
Net other post-employment benefit obligations		<u>(489,837)</u>
Total Net Position(Statement A)		<u>\$ 9,302,127</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, 2013

	<u>General Fund</u>
<u>REVENUES</u>	
Taxes-ad valorem	\$ 2,515,225
Intergovernmental revenues:	
State revenue sharing	90,295
Other state grants	6,809
Fees and charges for library services	11,515
Fines and forfeitures	10,247
Use of money and property-interest earnings	15,358
Other revenues	23
	23
TOTAL REVENUES	\$ 2,649,472
<u>EXPENDITURES</u>	
Culture and recreation:	
Personal services and related benefits	\$ 883,097
Operating services	417,444
Materials and supplies	35,090
Travel and other charges	13,437
Intergovernmental	90,396
Capital outlay	651,215
	651,215
TOTAL EXPENDITURES	\$ 2,090,679
EXCESS/ (Deficiency) OF REVENUES OVER EXPENDITURES	\$ 558,793
<u>OTHER FINANCING SOURCES</u>	-
EXCESS/ (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	\$ 558,793
FUND BALANCE AT BEGINNING OF YEAR	8,199,831
FUND BALANCE AT END OF YEAR	\$ 8,758,624

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, 2013

Total net change in fund balances- Governmental funds (Statement E)	\$ 558,793
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 exceeds depreciation for the period.	419,917
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	(16,891)
Net other post-employment benefit obligation	<u>(130,943)</u>
Change in net position of governmental activities (Statement B)	<u>\$ 830,876</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, 2013

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 Assets (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 Assets 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 assets are 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 the obligations are expected to be liquidated with expendable available

ST. MARTIN PARISH LIBRARY

St. Martinville, Louisiana

Notes to the Financial Statements (Continued)

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, 2013 as follows:

	<u>Book Balance</u>
Demand Deposits	\$ 1,141,272
Investments, at cost (Time Deposits)	5,394,500
Total	<u>\$ 6,535,772</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

ST. MARTIN PARISH LIBRARY

St. Martinville, Louisiana

Notes to the Financial Statements (Continued)

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 with banks(collected balances) at December 31, 2013 are secured as follows:

	<u>Bank Balance</u>	<u>FDIC Insurance</u>	<u>Balance Uninsured</u>
Cash	\$ 6,628,066	\$ 500,000	\$ 6,128,066
Pledged Securities (Category 3)			5,786,193
Excess cash balance over FDIC insurance and pledged securities			<u>\$ 341,873</u>

As of December 31, 2013, the Library had bank balances of \$341,873 in excess of amounts which 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 exposed to custodial credit risk.

G. ACCOUNTS RECEIVABLE

The financial statements of the Library contain an allowance for uncollectible accounts equivalent to 6.5% 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, 2013 is \$163,008 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
Books	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.

At December 31, 2013, employees of the Library had accumulated \$56,610 of employee leave benefits, 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 7.89 for the year ended December 31, 2013.

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 \$2,507,814 for 2013.

ST. MARTIN PARISH LIBRARY

St. Martinville, Louisiana

Notes to the Financial Statements (Continued)

3. RECEIVABLES

The general fund receivables at December 31, 2013 are as follows:

<u>Class of Receivables</u>	
Taxes -- ad valorem (net of allowance for uncollectibles of \$163,008)	\$ 2,254,410
Intergovernmental revenues – state revenue sharing(net)	<u>28,399</u>
Total	<u>\$ 2,282,809</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>
2013:				
Construction in progress	\$ 22,973	\$ 355,463		\$ 378,436
Building and improvements	227,014	-	\$ -	227,014
Furniture and equipment	139,873	2,990	-	142,863
Vehicles	29,514	27,571	29,514	27,571
Library materials	1,903,982	265,191	149,481	2,019,692
Total	<u>\$ 2,323,356</u>	<u>\$ 651,215</u>	<u>\$ 178,995</u>	<u>\$ 2,795,576</u>
Less accumulated depreciation	<u>1,660,373</u>	<u>231,298</u>	<u>178,995</u>	<u>1,712,676</u>
Net capital assets-2013	<u>\$ 662,983</u>	<u>\$ 419,917</u>	<u>\$ -</u>	<u>\$ 1,082,900</u>

Capital assets not being depreciated consist of land with an original historical cost of \$7,050, and construction in progress of \$378,436.

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Notes to the Financial Statements (Continued)

5. RETIREMENT COMMITMENTS

The St. Martin Parish Library participates in the Parochial Employees Retirement System of Louisiana, which is a cost-sharing, multiple-employer defined benefit public employee retirement system.

The system provides retirement, disability and death benefits to plan members and beneficiaries. Benefits under the system are established and amended by Louisiana state statutes. A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Parochial Employees Retirement System, P.O. Box 14619, Baton Rouge, Louisiana 70898.

For the year ended December 31, 2013, plan members are required to contribute 9.5% of their annual covered earnings to the plan, and the Library contributes at a rate which is actuarially determined annually, according to statutory process, and which is currently 16.75% of the annual covered payroll. 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. These contributions by the ex officio tax collector, and the Library's matching contributions are recorded as expenditures. The Library's payroll related contributions to the system for the years ended December 31, 2013, 2012, and 2011 were \$73,279, \$66,936 and \$65,067 respectively, equal to the required contribution for each year.

6. OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The St. Martin Parish Library contributes to a single-employer defined benefit healthcare plan("the Retiree Health Plan"). The plan covers health care insurance for eligible retirees for life through the Library's group health insurance plan, which covers both active and retired members. To receive benefits, employees must have at least 10 years of service. Benefit provisions are established by the St. Martin Parish Library. The Retiree Health Plan does not issue a publicly available financial report.

Effective with the year ending December 31, 2009, the St. Martin Parish Library implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions* (GASB 45). The statement has been implemented prospectively. Using this method, the beginning other post employment benefit(OPEB) is set at zero and the actuarially determined OPEB liability relative to past service(prior to January 1, 2009) will be amortized and recognized as an expense over thirty years.

ST. MARTIN PARISH LIBRARY

St. Martinville, Louisiana

Notes to the Financial Statements (Continued)

Funding Policy

The St. Martin Parish Library contributes 100% of the cost of current year health care premiums for eligible retired employees hired prior to June, 1997, and 60% of the cost of current year health care premiums for eligible retired employees hired after June, 1997. For the year ended December 31, 2013, the Library contributed \$58,216 to the plan on behalf of retirees.

Annual OPEB Cost and Net OPEB Obligation

The Library's annual OPEB cost(expense) is calculated based on the annual required contribution(ARC) of the employer. The St. Martin Parish Library has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB 45 for employers in plans with fewer than 100 total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities(or funding excess) over a period not to exceed thirty years. The following table shows the components of the Library's annual OPEB costs for the year, the amount actually contributed to the plan, and the changes in the Library's net OPEB obligation to the retiree health plan.

Annual required contribution	\$171,214
Interest on net OPEB obligation	17,945
Adjustment to annual required contribution	<u>-0-</u>
Annual OPEB cost(expense)	\$189,159
Contributions made	<u>(58,216)</u>
Increase in net OPEB obligation	\$130,943
Net OPEB obligation at beginning of year	<u>358,894</u>
Net OPEB obligation at end of year	<u>\$489,837</u>

The Library's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year 2013 was \$189,159, 31%, and \$130,943 respectively.

Funded Status and Funding Progress

As of December 31, 2013, the actuarial accrued liability for benefits was \$1,941,135, all of which was unfunded. The actuarial valuation of the plan is ongoing and is based on assumptions and probability of events far into the future. Examples could be future events such as employment, mortality and cost of all employee benefits(health insurance, etc.) The determination of the funding status of the plan is ongoing and the annual required contributions by the employer are subject to continual revision and the results of the actual figures are compared with past expectations to meet future estimates.

ST. MARTIN PARISH LIBRARY

St. Martinville, Louisiana

Notes to the Financial Statements (Continued)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded (AAL) (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b/c)
1/31/09	\$ -0-	\$1,922,081	\$1,922,081	-0-	\$223,477	860.08%
1/31/10	\$ -0-	\$1,922,081	\$1,922,081	-0-	\$136,808	1,404.94%
1/31/11	\$ -0-	\$1,922,081	\$1,922,081	-0-	\$126,297	1,521.87%
1/31/12	\$ -0-	\$1,941,135	\$1,941,135	-0-	\$135,928	1,428.06%
1/31/13	\$ -0-	\$1,941,135	\$1,941,135	-0-	\$135,663	1,430.85%

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The following simplifying assumptions were made:

Retirement age for active employees - Based on the historical retirement age for the covered group, active members were assumed to retire at age 58, or when they are eligible to receive benefits, whichever occurs later.

Marital status -- Marital status of members at the calculation date were assumed to continue throughout retirement.

Mortality – Life expectancies were based on mortality tables from the National Center for Health Statistics. The 2005 United States Life Tables for Males and for Females, revised March, 2010, were used.

Turnover – Non-group-specific-age-based turnover data from GASB Statement 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

ST. MARTIN PARISH LIBRARY

St. Martinville, Louisiana

Notes to the Financial Statements (Continued)

Healthcare cost trend rate – The expected rate of increase in healthcare insurance premiums was based on a rate of 8% for 2013, 6% for 2014, and 5% for succeeding years.

Health insurance premiums – 2012 age-adjusted health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Inflation rate – A long-term inflation assumption of 5.0% was used in projecting future cost and growth rates.

Payroll growth rate – The expected long-term payroll growth rate was assumed to equal the rate of inflation.

Based on the historical and expected returns of the Library’s short-term investments, a discount rate of 5.0% was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2013 is twenty-five years.

7. LITIGATION AND CLAIMS

At December 31, 2013 the St. Martin Parish Library is not involved in any litigation, nor is it aware of any unasserted claims.

8. 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.

9. BOARD OF CONTROL

Members of the St. Martin Parish Library Board of Control at December 31, 2013 are as follows:

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

No compensation was paid to these individuals during the year.

ST. MARTIN PARISH LIBRARY

St. Martinville, Louisiana

Notes to the Financial Statements (Continued)

10. 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 \$90,396 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 \$90,396 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.

11. SUBSEQUENT EVENT REVIEW

The St. Martin Parish Library's management has evaluated subsequent events through May 21, 2014, the date on which the financial statements were available to be issued.

12. NEW ACCOUNTING PRONOUNCEMENTS

GASB 65, *Items Previously Reported as Assets and Liabilities*, was implemented this year. This statement requires certain items that are currently reported as assets and liabilities be reclassified as deferred outflows of resources, deferred inflows of resources, or current-period outflows and inflows. The Library has determined that they have no deferred outflows or inflows as defined by this standard.

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, 2013

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FAVORABLE</u> <u>(UNFAVORABLE)</u>
<u>REVENUES</u>				
Ad valorem taxes	\$ 2,200,000	\$ 2,200,000	\$ 2,515,225	\$ 315,225
State funds:				
State revenue sharing	90,000	90,000	90,295	295
Other state grants	3,243	3,243	6,809	3,566
Fees and charges for library services	17,500	16,900	11,515	(5,385)
Fines and forfeitures	-	-	10,247	10,247
Use of money and property- Interest earnings	12,500	12,000	15,358	3,358
Other revenues	-	-	23	23
TOTAL REVENUES	\$ 2,323,243	\$ 2,322,143	\$ 2,649,472	\$ 327,329
<u>EXPENDITURES</u>				
Culture and recreation:				
Personal services and related benefits	\$ 1,022,803	\$ 1,022,803	\$ 883,097	\$ 139,706
Operating services	261,450	261,450	417,444	(155,994)
Materials and supplies	43,000	43,000	35,090	7,910
Travel and other charges	30,000	30,000	13,437	16,563
Capital Outlay	805,000	805,000	651,215	153,785
Intergovernmental	200	200	90,396	(90,196)
TOTAL EXPENDITURES	\$ 2,162,453	\$ 2,162,453	\$ 2,090,679	\$ 71,774
EXCESS/(Deficiency) OF REVENUES OVER EXPENDITURES	\$ 160,790	\$ 159,690	\$ 558,793	\$ 399,103
<u>OTHER FINANCING SOURCES</u>	-	-	-	-
EXCESS/(Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	\$ 160,790	\$ 159,690	\$ 558,793	\$ 399,103
FUND BALANCES-BEG. OF YEAR	8,199,831	8,199,831	8,199,831	-
FUND BALANCES-END OF YEAR	\$ 8,360,621	\$ 8,359,521	\$ 8,758,624	\$ 399,103

The accompanying notes are an integral part of this statement.

ST. MARTIN PARISH LIBRARY

Year Ended December 31, 2013

Notes to Budgetary Comparison Schedule

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.

SUPPLEMENTAL INFORMATION

MARAIST & MARAIST

CERTIFIED PUBLIC ACCOUNTANTS

(A PARTNERSHIP OF PROFESSIONAL ACCOUNTING CORPORATIONS)

1411 N. MAIN STREET

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CHARLES M. MARAIST, CPA *

REGINA B. MARAIST, CPA *

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MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF
LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS

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*

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 St. Martin Parish Library, a component unit of the St. Martin Parish Government as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated May 21, 2014.

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. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 13/1, that we consider to be a *significant deficiency* in internal control.

Compliance and Other Matters

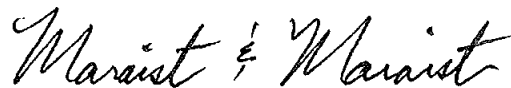
As part of obtaining reasonable assurance about whether the St. Martin Parish Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct 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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings and questioned costs as item 13/2.

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 21, 2014

ST. MARTIN PARISH LIBRARY
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2013

(Schedule 2)

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified 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. One instance of noncompliance material to the financial statements of the St. Martin Parish Library was disclosed during the audit.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

Finding 13/1

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.

Finding 13/2

Condition: The St. Martin Parish Library did not comply with Louisiana Revised Statutes(LSA-R.S.) 39:1225. This statute states that the amount of funds on deposit with financial institutions must, at all time, be one hundred percent secured. The Library had unsecured deposits of approximately \$341,000 at one financial institution at December 31, 2013.

ST. MARTIN PARISH LIBRARY
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2013

(Schedule 2)

Recommendation: At year end, the Library had an excess of matured certificates of deposit with one fiscal agent bank in the form of cashiers checks drawn on that fiscal agent bank. Due to illness on the part of accounting personnel, the deposit of these cashiers checks into the Library's operating account at an alternate fiscal agent bank was delayed at year end. This resulted in aggregate combined account balances and cashiers check totals drawn on this fiscal agent bank in excess of insured limits. It is recommended that to preclude such noncompliance in the future, alternate administrative personnel be trained to timely prepare deposit transactions in the event of future absence of responsible accounting personnel.

Management's Response: Management has agreed with the auditors' finding and recommendation, and will closely monitor deposit balances with fiscal agent banks, as well as insure that other administrative personnel are sufficiently cross-trained so that in the future, all maturing investment proceeds are promptly deposited to the operating account.

C. FEDERAL AWARD FINDINGS

St. Martin Parish Library did not receive federal awards during the year ended December 31, 2013.

D. MANAGEMENT LETTER

A management letter was not issued in connection with the audit for the year ended December 31, 2013.

ST. MARTIN PARISH LIBRARY
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2013

(Schedule 3)

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

Finding 12/1-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, 2012.

C. MANAGEMENT LETTER

A management letter was not issued in connection with the audit for the year ended December 31, 2012.