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**ST. MARY PARISH LIBRARY**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2006**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 6-20-07

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## INDEPENDENT AUDITOR'S REPORT

Board of Control  
St. Mary Parish Library  
Franklin, Louisiana

We have audited the accompanying financial statements of the governmental activities and each major fund of the St. Mary Parish Library ("Library"), a component unit of the St. Mary Parish Council, as of and for the year ended December 31, 2006 which collectively comprise the Library's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Library's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the St. Mary Parish Library, as of December 31, 2006, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 25, 2007, on our consideration of the Library's internal control over financial reporting, and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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* and should be considered in assessing the results of our audit.

The St. Mary Parish Library has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

The budgetary comparison information on pages 18 and 19 is not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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

Morgan City, Louisiana  
April 25, 2007

**BASIC FINANCIAL STATEMENTS**

ST. MARY PARISH LIBRARY

Statement of Net Assets  
December 31, 2006

ASSETS

Current assets:

Cash	\$ 711,330
Interest-bearing deposits, at cost	2,125,000
Receivables (net of allowance for uncollectibles):	
Ad valorem taxes	1,399,187
Accrued interest	45,107
Due from other governmental unit	34,476
Total current assets	<u>4,315,100</u>

Capital assets:

Land	88,470
Books	1,233,295
Buildings and improvements	1,680,923
Equipment and furniture	616,298
Accumulated depreciation	<u>(2,197,319)</u>

Total capital assets, net of accumulated depreciation 1,421,667

Total assets \$ 5,736,767

LIABILITIES

Current liabilities:

Accounts payable	\$ 48,615
Accrued liabilities	13,815
Due to other governmental unit	<u>49,315</u>

Total liabilities 111,745

NET ASSETS

Invested in capital assets	1,421,667
Unrestricted	<u>4,203,355</u>

Total net assets 5,625,022

Total liabilities and net assets \$ 5,736,767

The accompanying notes are an integral part of this statement.

ST. MARY PARISH LIBRARY

Statement of Activities  
Year Ended December 31, 2006

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue And Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
General government	\$ 49,315	\$ -	\$ -	\$ -	\$ (49,315)
Culture and recreation	<u>1,642,609</u>	<u>2,152</u>	<u>23,760</u>	<u>-</u>	<u>(1,616,697)</u>
Total governmental activities	<u>1,691,924</u>	<u>2,152</u>	<u>23,760</u>	<u>-</u>	<u>(1,666,012)</u>
General Revenues:					
					1,450,028
					51,710
					153,025
					<u>11,125</u>
					<u>1,665,888</u>
					(124)
					<u>5,625,146</u>
					<u>\$ 5,625,022</u>

The accompanying notes are an integral part of this statement.

ST. MARY PARISH LIBRARY

Balance Sheet  
Governmental Funds  
December 31, 2006

ASSETS	<u>General</u>	<u>Capital Projects</u>	<u>Total</u>
Cash	\$ 505,423	\$ 205,907	\$ 711,330
Interest-bearing deposits, at cost	300,000	1,825,000	2,125,000
Receivables -			
Ad valorem taxes	1,399,187	-	1,399,187
Accrued interest	9,967	35,140	45,107
Due from other governmental unit	<u>34,476</u>	<u>-</u>	<u>34,476</u>
Total assets	<u>\$ 2,249,053</u>	<u>\$ 2,066,047</u>	<u>\$ 4,315,100</u>

LIABILITIES AND FUND BALANCES

<b>Liabilities:</b>			
Accounts payable	\$ 45,690	\$ 2,925	\$ 48,615
Accrued liabilities	13,815	-	13,815
Due to other governmental unit	<u>49,315</u>	<u>-</u>	<u>49,315</u>
Total liabilities	108,820	2,925	<u>111,745</u>
<b>Fund balances:</b>			
Unreserved	<u>2,140,233</u>	<u>2,063,122</u>	4,203,355
Total liabilities and fund balances	<u>\$ 2,249,053</u>	<u>\$ 2,066,047</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

1,421,667

Net assets of governmental activities

\$ 5,625,022

The accompanying notes are an integral part of this statement

ST. MARY PARISH LIBRARY

Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
Year Ended December 31, 2006

	General	Capital Projects	Total
<b>Revenues:</b>			
Taxes	\$ 1,450,028	\$ -	\$ 1,450,028
State grants	16,676	-	16,676
Parish grants	-	-	-
State revenue sharing	51,710	-	51,710
Miscellaneous:			
Interest income	57,647	95,378	153,025
Other sources	20,361	-	20,361
Total revenues	<u>1,596,422</u>	<u>95,378</u>	<u>1,691,800</u>
<b>Expenditures:</b>			
Current -			
General government:			
Administrative			
Sheriff's fee	49,315	-	49,315
Culture and recreation:			
Salaries and wages	647,514	-	647,514
Retirement contributions	82,423	-	82,423
Group insurance	36,549	-	36,549
Utilities and telephone	121,066	-	121,066
Professional fees	10,676	81,395	92,071
Advertising, dues and subscriptions	1,309	-	1,309
Equipment rentals	9,652	-	9,652
General insurance	51,468	-	51,468
Unemployment	6,601	-	6,601
Travel	25,625	-	25,625
Supplies	84,407	15,604	100,011
Repairs and maintenance	51,678	-	51,678
Miscellaneous	9,684	25	9,709
Rental books and paperbacks	45,063	-	45,063
Uniforms	7,609	-	7,609
Capital outlay-			
Culture and recreation:			
Books	131,084	-	131,084
Furniture and equipment	-	15,569	15,569
Total expenditures	<u>1,371,723</u>	<u>112,593</u>	<u>1,484,316</u>
Excess of revenues over expenditures	224,699	(17,215)	207,484
Fund balance, beginning	<u>1,915,534</u>	<u>2,080,337</u>	<u>3,995,871</u>
Fund balance, ending	<u>\$ 2,140,233</u>	<u>\$ 2,063,122</u>	<u>\$ 4,203,355</u>

The accompanying notes are an integral part of this statement

ST. MARY PARISH LIBRARY

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

Year Ended December 31, 2006

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

Net change in fund balances - governmental funds	\$ 207,484
Governmental funds report capital outlays as expenditures, however, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period	(107,629)
Proceeds from sales of capital assets are reported as other financing sources in the funds without consideration of the resulting gain or loss. Dispositions of capital assets resulting in losses are reported within the various functions on the statement of net assets.	<u>(99,979)</u>
Change in net assets of governmental activities	<u>\$ (124)</u>

The accompanying notes are an integral part of this statement.

## ST. MARY PARISH LIBRARY

### Notes to Financial Statements

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The following is a summary of certain significant accounting policies:

#### Financial Reporting Entity

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

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

#### Government-Wide and Fund Financial Statements

The government-wide financial statements report information on all of the activities of the government. Both the government-wide and fund financial statements categorize primary activities as governmental.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Taxes and items not properly included among program revenues are reported as *general revenues*.

A separate financial statement is provided for the governmental funds.

#### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues in the year for which they are levied.

## ST. MARY PARISH LIBRARY

### Notes to Financial Statements (continued)

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental fund financial statements are reported using the *current financial resources measurement* focus and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or as soon enough thereafter to pay liabilities for the current period. For this purpose, the government considers revenues to be *available* if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Ad valorem taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Ad valorem taxes are recognized as revenues in the year in which such taxes are levied and billed to the taxpayers. Other major revenues that are considered susceptible to accrual include earned grant revenues and other intergovernmental revenues, and interest on investments.

The Library has the following fund type:

##### Governmental Fund –

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

##### General Fund –

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

##### Capital Projects Fund –

The Capital Projects Fund is used to account for the financing and the purchase and/or construction of capital assets.

##### Capital Assets

All capital assets purchased or acquired with an original cost of \$1,000 for furniture and \$5,000 for equipment or building improvements or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

## ST. MARY PARISH LIBRARY

### Notes to Financial Statements (continued)

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

Books	7 years
Buildings and improvements	20 - 40 years
Equipment and furniture	5 - 7 years

#### Budgetary Practices

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

1. The Library's Director prepares a proposed budget and presents it to the Board of Control prior to ninety days before the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. Any changes in the proposed annual operating budget require a majority vote of the Board of Control.
5. No later than the last regular meeting of the fiscal year, the Board of Control enacts an ordinance to adopt the annual operating budget for the ensuing fiscal year.
6. The Library Director, under the direction of the Board of Control, has the authority to alter budget amounts.
7. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
8. Budget appropriations lapse at year end.

ST. MARY PARISH LIBRARY

Notes to Financial Statements (continued)

Interest-Bearing Deposits

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

Compensated Absences

Employees earn annual vacation and sick leave at varying rates depending upon length of service. No liability has been accrued for compensated absences on the Library's financial statements due to immateriality.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Library as an extension of formal budgetary integration in the funds.

Use of Estimates

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

NOTE 2 CASH AND INTEREST-BEARING DEPOSITS

The Library may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2006, the Library has cash and interest-bearing deposits (book balances) totaling \$2,836,330 as follows:

Demand deposits	\$ 711,330
Certificates of deposit	<u>2,125,000</u>
Total	<u>\$ 2,836,330</u>

ST. MARY PARISH LIBRARY

Notes to Financial Statements (continued)

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 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 similar federal security 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 Library or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at December 31, 2006, are secured as follows:

Bank balances	<u>\$ 2,932,860</u>
Federal deposit insurance	\$ 300,000
Pledged securities	<u>4,440,681</u>
Total federal insurance and pledged securities	<u>4,740,681</u>
Excess of federal insurance and securities pledged	<u>\$ 1,807,821</u>

As of December 31, 2006, the Library's total bank balances were fully insured and collateralized with securities held in the name of the Library by the pledging financial institution's agent and therefore not exposed to custodial credit risk.

NOTE 3 AD VALOREM TAXES

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

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

For the year ended December 31, 2006, taxes of 6.97 mills were levied on property with net assessed valuations totaling \$313,898,001 and were dedicated to paying the administrative, operative and maintenance expenditures for the Library.

Total taxes levied during 2006 were \$1,843,849. Taxes receivable at December 31, 2006 consists of \$1,449,576 of which 3.48 percent of taxes levied or \$50,389 is considered uncollectible.

ST. MARY PARISH LIBRARY

Notes to Financial Statements (continued)

NOTE 4 DUE FROM OTHER GOVERNMENTAL UNITS

The amount due from other governmental units at December 31, 2006 consisted of \$34,476 of State Revenue Sharing due from the State of Louisiana.

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2006 was as follows:

	Balances at Beginning of Year	Additions	Deletions	Balances at End of Year
Assets not being depreciated:				
Land	\$ 88,470	\$ -	\$ -	\$ 88,470
Capital assets being depreciated				
Books	1,223,505	131,084	(121,294)	1,233,295
Buildings and improvements	1,680,923	-	-	1,680,923
Furniture and equipment	700,708	15,569	(99,979)	616,298
Total capital assets being depreciated	3,605,136	146,653	(221,273)	3,530,516
Less accumulated depreciation				
Books	(1,157,037)	(172,661)	121,294	(1,208,404)
Buildings and improvements	(314,687)	(43,505)	-	(358,192)
Furniture and equipment	(592,607)	(38,116)	-	(630,723)
Total accumulated depreciation	(2,064,331)	(254,282)	121,294	(2,197,319)
Capital assets being depreciated, net	1,540,805	(107,629)	(99,979)	1,333,197
Capital assets, net	\$ 1,629,275	\$(107,629)	\$ (99,979)	\$1,421,667

Depreciation expense in the amount of \$254,282 was charged to culture and recreation.

NOTE 6 RETIREMENT COMMITMENTS

Substantially all full-time employees of the St. Mary Parish Library participate in the Parochial Employees' Retirement System of Louisiana (Plan A). This system is a multiple-employer public retirement system (PERS) and is controlled and administered by a separate board of trustees. Pertinent information relative to this plan follows:

## ST. MARY PARISH LIBRARY

### Notes to Financial Statements (continued)

#### Parochial Employees' Retirement System

Plan members are required to contribute 9.50 percent of their annual covered salary to the system while the Library is required to contribute the statutory rate of 12.75 percent for 2005-2006 and 11.75 percent for 2004 of the total annual covered salary. The Library's contributions to the system for years ended December 31, 2006, 2005, and 2004, were \$71,631, \$69,790, \$64,600, respectively, equal to the required contribution for each year.

#### NOTE 6 RETIREMENT COMMITMENTS (CONTINUED)

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 of Louisiana, P. O. Box 14619, Baton Rouge, Louisiana 70898-4619.

#### NOTE 7 BOARD OF CONTROL

Members of the St. Mary Parish Library Board of Control at December 31, 2006 are as follows:

Russell Cremaldi  
Peter Lipari  
Glenna Kramer  
Don T. Caffery, Jr.  
Karla Vappie  
Renee Vanover  
Roger Busbice  
Kenny Alfred

No compensation was paid to these individuals during the year.

#### NOTE 8 LITIGATION AND CLAIMS

The Library was involved in one case involving litigation at December 31, 2006. It is the opinion of the Library and its counsel that the Library will not be found liable for any amounts which would be considered material to its financial statements.

ST. MARY PARISH LIBRARY

Notes to Financial Statements (continued)

NOTE 9 RISK MANAGEMENT

The Library is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Library has elected to purchase insurance coverage through the commercial insurance market to cover its exposure to loss. The Library is insured up to policy limits for each of the above risks. There were no significant changes in coverage's, retentions, or limits during the year ended December 31, 2006. Settled claims have not exceeded the commercial coverage's in any of the previous three fiscal years.

**REQUIRED SUPPLEMENTARY INFORMATION**

ST. MARY PARISH LIBRARY  
 General Fund  
 Budgetary Comparison Schedule  
 Year Ended December 31, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes-ad valorem	\$ 1,319,000	\$ 1,331,593	\$ 1,450,028	\$ 118,435
<b>Intergovernmental:</b>				
State revenue sharing	50,000	52,962	51,710	(1,252)
State grants	-	16,676	16,676	-
Other	-	-	-	-
<b>Miscellaneous:</b>				
Interest	20,000	42,500	57,647	15,147
Other sources	11,500	32,775	20,361	(12,414)
<b>Total revenues</b>	<u>1,400,500</u>	<u>1,476,506</u>	<u>1,596,422</u>	<u>119,916</u>
<b>Expenditures:</b>				
<b>Current -</b>				
<b>General government:</b>				
<b>Administrative</b>				
Sheriff's fee	43,500	43,500	49,315	(5,815)
<b>Culture and recreation:</b>				
Salaries and wages	650,000	625,000	647,514	(22,514)
Contract labor	-	-	-	-
Retirement contributions	94,000	86,000	82,423	3,577
Group insurance	62,000	55,000	36,549	18,451
Utilities and telephone	107,000	135,000	121,066	13,934
Professional fees	11,500	11,200	10,676	524
Advertising, dues and subscriptions	500	1,350	1,309	41
Equipment rentals	8,500	9,000	9,652	(652)
General insurance	50,750	53,150	51,468	1,682
Unemployment	4,000	6,250	6,601	(351)
Travel	15,000	25,500	25,625	(125)
Supplies	58,000	75,400	84,407	(9,007)
Repairs and maintenance	46,000	38,900	51,678	(12,778)
Miscellaneous	9,200	14,000	9,684	4,316
Rental books and paperbacks	46,300	46,500	45,063	1,437
Uniforms	9,500	9,500	7,609	1,891
<b>Capital outlay -</b>				
Books	125,000	135,000	131,084	3,916
Furniture and equipment	33,500	64,000	-	64,000
<b>Total expenditures</b>	<u>1,374,250</u>	<u>1,434,250</u>	<u>1,371,723</u>	<u>62,527</u>
<b>Excess of revenues over expenditures</b>	<u>26,250</u>	<u>42,256</u>	<u>224,699</u>	<u>182,443</u>
<b>Fund balance, beginning</b>	<u>1,915,534</u>	<u>1,915,534</u>	<u>1,915,534</u>	<u>-</u>
<b>Fund balance, ending</b>	<u>\$ 1,941,784</u>	<u>\$ 1,957,790</u>	<u>\$ 2,140,233</u>	<u>\$ 182,443</u>

ST. MARY PARISH LIBRARY

Note to Budgetary Comparison Schedule

(1) Basis of Accounting

The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by the Library. Such amendments were not material in relation to the original appropriations.

**INTERNAL CONTROL, COMPLIANCE  
AND OTHER MATTERS**

# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Control  
St. Mary Parish Library  
Franklin, Louisiana

We have audited the financial statements of the governmental activities and each major fund of the St. Mary Parish Library ("Library"), as of December 31, 2006 and for the year then ended which collectively comprise the Library's basic financial statements, and have issued our report thereon dated April 25, 2007.

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.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of the Library's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control over financial reporting.

A control deficiency exists when the design or operation of control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is control deficiency, or combination of control deficiencies, that adversely affects the Library's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Library's financial statements that is more than inconsequential will not be prevented or detected by the Library's internal control. We consider the deficiency described in the accompanying schedule of audit results and findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Library's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be a material weakness. However, we consider the deficiency identified as 2006-1 on the accompanying schedule of audit results and findings to be a material weakness.

#### Compliance and other matters

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

This report is intended solely for the information and use of management, Library's Board of Control and others within the organization and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of this report may be limited under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44:6.

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

Morgan City, Louisiana  
April 25, 2007

ST. MARY PARISH LIBRARY

Summary of Schedule of Prior Year Findings  
Year Ended December 31, 2006

2005-1      Finding:      Inadequate Segregation of Accounting Functions  
                 Status:      This finding is unresolved. See current year finding 2006-1.

ST. MARY PARISH LIBRARY

Schedule of Audit Results and Findings  
Year Ended December 31, 2006

Part 1 : Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report – Financial Statements

An unqualified opinion has been issued on the St. Mary Parish Library's financial statements as of and for the year ended December 31, 2006.

Reportable Condition – Financial Reporting

One reportable condition in internal control over financial reporting was disclosed during the audit of the financial statements and is shown as item 2006-1 in Part 2 and is considered a material weakness.

Material Noncompliance – Financial Reporting

The results of our tests disclosed no instances of noncompliance, which are required to be reported under *Government Auditing Standards*.

FEDERAL AWARDS

This section is not applicable for the fiscal year ended December 31, 2006.

Part 2: Findings Relating to an Audit in Accordance with *Governmental Auditing Standards*

2006-1 Inadequate Segregation of Accounting Functions

Finding:

Due to the small number of employees, the Library did not have segregation of functions within the accounting system.

Recommendation:

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

Part 3: Findings and Questioned Costs Relating to Federal Programs

The St. Mary Parish Library did not meet the requirements to have an audit performed in accordance with OMB Circular A-133.

ST. MARY PARISH LIBRARY

Management's Corrective Action Plan for Current Year Findings  
Year Ended December 31, 2006

Response to Finding 2006-1:

No response is considered necessary.