

ST. MARY PARISH LIBRARY

FINANCIAL REPORT

DECEMBER 31, 2013

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INDEPENDENT AUDITORS' REPORT

Board of Control
St. Mary Parish Library
Franklin, Louisiana

Report on the Financial Statements

We have audited the accompanying basic financial statements of the St. Mary Parish Library as of and for the year ended December 31, 2013, and the related notes to financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion 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 the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the St. Mary Parish Library as of December 31, 2013, and the respective change in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

As discussed in Note 8 to the financial statements, certain errors resulting in an overstatement of previously reported net position and an understatement of previously reported fund balance, as of December 31, 2012, were discovered during the current year. Accordingly, an adjustment has been made to net position and fund balance as of December 31, 2013 to correct the error. Our opinion is not modified with respect to that matter.

Other-Matter

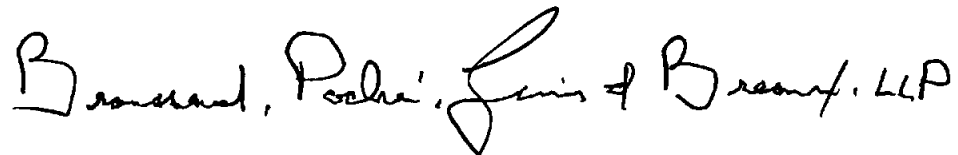
Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 24 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 budgetary comparison information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2014, on our consideration of the St. Mary Parish Library's internal control over financial reporting and 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 St. Mary Parish Library's internal control over financial reporting and compliance.



Lafayette, Louisiana
June 24, 2014

GOVERNMENT-WIDE FINANCIAL STATEMENTS

ST. MARY PARISH LIBRARY
STATEMENT OF NET POSITION
December 31, 2013

ASSETS	
Cash	\$ 3,193,848
Ad valorem taxes receivable, net of allowance of \$57,703	2,629,569
Prepaid expenses	61,106
Due from other governmental agencies	39,998
Capital assets:	
Non-depreciable	190,182
Depreciable, net	<u>6,243,504</u>
 Total assets	 <u>\$ 12,358,207</u>
LIABILITIES AND NET POSITION	
LIABILITIES	
Other liabilities	<u>\$ 126,088</u>
NET POSITION	
Net investment in capital assets	\$ 6,433,686
Unrestricted	<u>5,798,433</u>
 Total net position	 <u>\$ 12,232,119</u>
 Total liabilities and net position	 <u>\$ 12,358,207</u>

See Notes to Financial Statements.

ST. MARY PARISH LIBRARY

STATEMENT OF ACTIVITIES

Year Ended December 31, 2013

<u>Function/Program</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Change in Net Position Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental activities:				
General government	<u>\$ 2,550,854</u>	<u>\$ 7,572</u>	<u>\$ 1,945</u>	<u>\$ (2,541,337)</u>
General revenues:				
Ad valorem taxes				\$ 2,846,098
State revenue sharing				60,445
Investment earnings				11,355
Miscellaneous				<u>99,359</u>
Total general revenues				<u>\$ 3,017,257</u>
Change in net position				<u>\$ 475,920</u>
Net position, beginning, as previously stated				\$ 12,529,618
Prior period adjustment				<u>(773,419)</u>
Net position, beginning, restated				<u>\$ 11,756,199</u>
Net position, ending				<u>\$ 12,232,119</u>

See Notes to Financial Statements.

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FUND FINANCIAL STATEMENTS

ST. MARY PARISH LIBRARY

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2013

ASSETS	General Fund	Capital Projects Fund	Total
Cash	\$ 3,193,848	\$ -	\$ 3,193,848
Ad valorem taxes receivable, net of allowance of \$57,703	2,629,569	-	2,629,569
Prepaid expenses	61,106	-	61,106
Due from other governmental agencies	39,998	-	39,998
 Total assets	 <u>\$ 5,924,521</u>	 <u>\$ -</u>	 <u>\$ 5,924,521</u>
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Other liabilities	\$ 126,088	\$ -	\$ 126,088
FUND BALANCES			
Nonspendable	\$ 61,106	\$ -	\$ 61,106
Unassigned	5,737,327	-	5,737,327
 Total fund balances	 <u>\$ 5,798,433</u>	 <u>\$ -</u>	 <u>\$ 5,798,433</u>
 Total liabilities and fund balances	 <u>\$ 5,924,521</u>	 <u>\$ -</u>	 <u>\$ 5,924,521</u>

See Notes to Financial Statements.

ST. MARY PARISH LIBRARY

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

December 31, 2013

Total fund balance - governmental fund	\$ 5,798,433
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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 are therefore not reported in the funds.

Capital assets, net	<u>6,433,686</u>
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Total net position of governmental activities	<u>\$ 12,232,119</u>
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See Notes to Financial Statements.

ST. MARY PARISH LIBRARY

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
Year Ended December 31, 2013

	General Fund	Capital Projects Fund	Total
Revenues:			
Ad valorem taxes	\$ 2,846,098	\$ -	\$ 2,846,098
Intergovernmental -			
State revenue sharing	60,445	-	60,445
State grants	1,945	-	1,945
Miscellaneous -			
Interest and investment earnings	11,283	72	11,355
Other sources	106,931	-	106,931
Total revenues	\$ 3,026,702	\$ 72	\$ 3,026,774
Expenditures:			
Current -			
Culture and recreation:			
Salaries and related expenditures	\$ 1,379,435	\$ -	\$ 1,379,435
Professional services	28,200	-	28,200
Materials and supplies	163,806	2,711	166,517
Library materials - non capital	124,069	-	124,069
Travel and other charges	25,651	-	25,651
Ad valorem tax deductions	93,713	-	93,713
Repairs and maintenance	134,140	-	134,140
Telephone and utilities	202,284	-	202,284
Insurance	85,167	-	85,167
Miscellaneous	19,241	-	19,241
Capital outlay -			
Books	170,809	-	170,809
Buildings and improvements	2,328	-	2,328
Furniture and equipment	38,638	-	38,638
Construction in progress	187,614	71,125	258,739
Total expenditures	\$ 2,655,095	\$ 73,836	\$ 2,728,931
Excess (deficiency) of revenues over expenditures	\$ 371,607	\$ (73,764)	\$ 297,843
Other financing sources (uses):			
Transfers in	\$ 3,787	\$ -	\$ 3,787
Transfers out	-	(3,787)	(3,787)
Total other financing sources (sources)	\$ 3,787	\$ (3,787)	\$ -
Net change in fund balance	\$ 375,394	\$ (77,551)	\$ 297,843
Fund balance, beginning, as previously stated	\$ 5,133,241	\$ 77,551	\$ 5,210,792
Prior period adjustment	289,798	-	289,798
Fund balance, beginning, restated	\$ 5,423,039	\$ 77,551	\$ 5,500,590
Fund balance, ending	\$ 5,798,433	\$ -	\$ 5,798,433

See Notes to Financial Statements.

ST. MARY PARISH LIBRARY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO
 THE STATEMENT OF ACTIVITIES
 Year Ended December 31, 2013

Net change in fund balance - governmental fund		\$	297,843
The change in net position reported for governmental activities in the statement of activities is different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and and reported as depreciation expense.			
Capital outlay		\$	470,514
Depreciation expense		<u>(292,437)</u>	<u>178,077</u>
Change in net position of governmental activities		\$	<u>475,920</u>

See Notes to Financial Statements.

ST. MARY PARISH LIBRARY

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

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

Reporting entity:

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

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.

Basis of presentation:

The Library's basic financial statements consist of the government-wide and the fund financial statements. The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

Government-wide financial statements -

The government-wide financial statements include the statement of net position and the statement of activities of the Library. These statements include the financial activities of the overall government. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

In the government-wide statement of net position, the governmental activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Library's net position are reported in two parts – net investment in capital assets and unrestricted.

The government-wide statement of activities reports both the gross and net cost of each of the Library's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net cost (by function) is normally covered by general revenues (property taxes, intergovernmental revenues, interest income, etc.).

NOTES TO FINANCIAL STATEMENTS

The government-wide focus is more on the sustainability of the Library as an entity and the change in the Library's net position resulting from the current year's activities.

Fund financial statements –

The fund financial statements provide information about the Library's funds. The emphasis of fund financial statements is on major governmental funds. The Library has two funds, General Fund and Capital Projects Fund. The General Fund is the Library's general operating fund. It is used to account for all of the financial resources except those required to be accounted for in another fund. The Capital Projects Fund is used to account for the financing and the purchase and/or construction of capital assets.

Basis of accounting:

Government-wide financial statements –

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 at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Library gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlement, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Fund financial statements –

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when 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 property taxes to be "available" in the year for which they are levied. Revenue from grants, entitlement, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. All other receivables collected within 60 days after year-end are considered available and recognized as revenue of the current year.

Expenditures are recorded when the related fund liability is incurred. General capital asset acquisitions are reported as expenditures in governmental funds.

Cash and investments:

Under state law, the Library may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Cash includes amounts in demand deposit accounts while investments include certificates of deposits. These certificates are not subject to GASB No. 31 requirements; thus, they are stated at cost.

NOTES TO FINANCIAL STATEMENTS

Custodial credit risk:

Deposits (demand and certificates) –

The Library is exposed to custodial credit risk as it relates to its deposits with financial institutions. Custodial credit risk is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. The Library's policy to ensure there is no exposure to this risk is to require each financial institution to pledge securities to cover amounts in excess of Federal Depository Insurance Coverage. Securities pledged by these financial institutions to secure deposits must be held in the Library's name. Accordingly, the Library had no custodial credit risk related to its deposits at December 31, 2013.

Interfund receivables and payables:

Short-term cash borrowings between funds are considered temporary in nature. These amounts are reported as "due to/from other funds" in the fund financial statements and eliminated in the government-wide financial statements.

Capital assets:

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Government-wide financial statements –

In the government-wide financial statements, property, plant and equipment are accounted for as capital assets. All capital assets are valued at cost or estimated historical cost. Contributed capital assets are recorded at their fair value at the date received. The Library maintains a threshold level of \$1,500 or more for capitalizing capital assets.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is calculated on the straight-line method over the following estimated useful lives:

	<u>Years</u>
Books	7
Buildings and improvements	20 – 40
Furniture and equipment	5 – 7

Fund financial statements –

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Interfund transfers:

Permanent reallocation of resources between funds of the primary government are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated. As of December 31, 2013, \$3,787 was reported as interfund transfers.

NOTES TO FINANCIAL STATEMENTS

Compensated absences:

The Library has the following policy relating to vacation and sick leave:

Employees earn annual vacation leave at varying rates depending upon the length of service. Vacation time must be used within the fiscal year and cannot be carried over to subsequent periods. Upon termination, an employee is compensated for the accumulated time, provided they were employed for one year.

Sick leave is earned at one day per month, or 12 sick days per year. Sick leave may be accumulated up to 36 days. Employees are not compensated for accrued sick leave upon termination.

Deferred outflows/inflows of resources:

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure) until then. The Library does not currently have any items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Library does not currently have any items that qualify for reporting in this category.

Net position flow assumption:

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumptions must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund balance flow assumption:

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumptions must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

NOTES TO FINANCIAL STATEMENTS

Equity classifications:

Government-wide statements –

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the balance of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted - consists of net position items with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - all other net position that do not meet the definition of “net investment in capital assets.”

The Library has no restricted net position as of December 31, 2013.

Fund financial statements –

Beginning with fiscal year 2011, the Library implemented GASB Statement 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint. The Board of Control is the highest level of decisionmaking authority for the Library. Commitments may be established, modified, or rescinded only through formal actions approved by the Board;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Under the Library’s adopted policy, only the Board of Control may assign amounts for specific purposes;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the general fund.

NOTES TO FINANCIAL STATEMENTS

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Library considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Library considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Control have provided otherwise in its commitment or assignment actions.

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned and unassigned.

Taxes receivable:

Taxes receivable consists of amounts due from taxpayers. Taxes receivable are reported net of an allowance for uncollectible accounts based on prior experience. The allowance amount at December 31, 2013 is \$57,702.

Use of estimates:

The preparation of financial statements in conformity with 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.

Recent accounting pronouncements:

In March 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 65 "*Items Previously Reported as Assets and Liabilities*." This Statement is effective for financial statements for years beginning after December 15, 2012. This Statement established accounting and financial reporting standards that reclassify as deferred outflows of resources or deferred inflows of resources certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets or liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows or resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68 "*Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*." This Statement is effective for financial statements for years beginning after June 15, 2014. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement establishes standards for measuring and recognizing, liabilities, deferred outflows of resources, and deferred inflows resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments to their actuarial present value, and attribute that present value to period of employee service.

The adoption of GASB 65 in the current year had no impact on the classifications of certain items within the financial statements and only resulted in additional related disclosures. It is expected that upon adoption of GASB 68, the Library will be required to recognize the difference between the actuarial total pension liability and the fair value of the legally restricted plan assets as the net pension liability of the statement of net position. The effect of this change currently cannot be determined.

NOTES TO FINANCIAL STATEMENTS

Note 2. Ad Valorem Taxes

Government-wide financial statements –

Property taxes are recognized in the year for which they are levied net of uncollectible amounts, as applicable.

Fund financial statements –

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 taxpayers by the Sheriff in October or November. 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.

Taxes are based on assessed values determined by the Tax Assessor of St. Mary Parish and are collected by the Sheriff. The taxes remitted to the Library are net of deductions for pension fund contributions.

For the year ended December 31, 2013, taxes of 5.72 mills were levied on property with net assessed valuations totaling \$504,386,361 and were dedicated to paying the administrative, operative and maintenance expenditures for the Library.

Total taxes levied, exclusive of homestead exemptions, was \$2,885,075 for 2013. Taxes receivable at December 31, 2013 totaled \$418,259, which is net of an allowance for uncollectible amounts of \$57,702.

Note 3. Due From Other Governmental Agencies

Due from other governmental agencies at December 31, 2013 consists of the following:

St. Mary Parish Sheriff:	
Ad valorem taxes	\$ 2,211,312
Louisiana State Revenue Sharing	<u>39,998</u>
	<u>\$ 2,251,310</u>

NOTES TO FINANCIAL STATEMENTS

Note 4. Capital Assets

Capital assets activity for the year ended December 31, 2013 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated -				
Land	\$ 190,182	\$ -	\$ -	\$ 190,182
Construction in progress	2,380,802	254,310	(2,635,112)	-
Total capital assets being depreciated	\$ 2,570,984	\$ 254,310	\$ (2,635,112)	\$ 190,182
Capital assets being depreciated -				
Books	\$ 769,683	\$ 170,809	\$ (116,972)	\$ 823,520
Buildings and improvements	4,009,583	2,438,344	-	6,447,927
Furniture and equipment	649,419	242,163	-	891,582
Total capital assets being depreciated	\$ 5,428,685	\$ 2,851,316	\$ (116,972)	\$ 8,163,029
Less accumulated depreciation for -				
Books	\$ (393,737)	\$ (115,293)	\$ 116,972	\$ (392,058)
Buildings and improvements	(862,016)	(121,021)	-	(983,037)
Furniture and equipment	(488,307)	(56,123)	-	(544,430)
Total accumulated depreciation	\$ (1,744,060)	\$ (292,437)	\$ 116,972	\$ (1,919,525)
Total capital assets being depreciated, net	\$ 3,684,625	\$ 2,558,879	\$ -	\$ 6,243,504
Governmental activities capital assets, net	\$ 6,255,609	\$ 2,813,189	\$ (2,635,112)	\$ 6,433,686

Depreciation expense in the amount of \$292,437 was charged to culture and recreation.

Note 5. Defined Benefit Pension Plan

Substantially all full-time employees of the Library participate in the Parochial Employees' Retirement System (PERS) of Louisiana (Plan A). This system is a cost-sharing multiple-employer public retirement system and is controlled and administered by the separate board of trustees.

Plan description:

Members of the plan hired prior to January 1, 2007 may retire with 30 years of creditable service regardless of age, with 25 years of service at age 55, with 10 years of service at age 60, and with 7 years of service at age 65. Members of the plan hired January 1, 2007 and later may retire with 30 years of creditable service at age 55, with 10 years of service at age 62, and with 7 years of service at age 67. Benefit rates are 1% of final compensation (average monthly earnings during the highest 36 consecutive months, or joined months if

NOTES TO FINANCIAL STATEMENTS

service was interrupted) plus \$2.00 per month for each year of service credited prior to January 1, 1980, and 3% of final compensation for each year of service after January 1, 1980. The System also provides disability and survivor benefits. Benefits are established by state statute. PERS issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to Parochial Employees' Retirement System of Louisiana, Post Office Box 14619, Baton Rouge, Louisiana 70898.

Funding policy:

Plan members are required by state statute to contribute 9.5% of their annual covered salary to the system and the Library is required to contribute at an actuarially determined rate. The rate for 2013 was 16.75% of annual covered payroll. The contribution requirements of plan members are established and may be amended by state statute. The Library's contributions to the System for the years ending December 31, 2013, 2012 and 2011 were \$182,350, \$134,989 and \$133,348, respectively, equal to the required contributions for each year.

Note 6. Board of Control

Members of the Library Board of Control at December 31, 2013 are as follows:

Susan Guidry
Steve Bierhorst
Don T. Caffery, Jr.
Cherie Laiche
Jane Luke
Karla Vappie
Jason Watson

No compensation was paid to these individuals during the year.

Note 7. Risk Management

The Library is exposed to various risks 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 its policy limits for each of the above risks. There were no significant changes in coverages, retentions, or limits during the year ended December 31, 2013. Settled claims have not exceeded the commercial coverages in any of the previous three fiscal years.

Note 8. Prior Period Adjustment

During the current year, it was determined that in the prior year, compensated absences payable of \$32,957 was included in the government-wide financial statements. It was also determined that depreciation expense and accumulated depreciation in the prior years was understated by \$32,111. Revenue in the government-wide financial statements was also determined to be overstated by \$774,265, which is the effect of adjustments applied to the 2012 assessed values used in the calculation of ad valorem taxes.

NOTES TO FINANCIAL STATEMENTS

With respect to the balance sheet for the governmental fund statement, it was determined that revenues were understated in the prior year by \$289,798, which is the net effect of ad valorem tax revenue noted in the preceding paragraph and \$1,064,063 of revenues deferred rather than recognized in the year they were levied and billed to taxpayers.

In order to correct the errors identified in the preceding paragraphs, beginning net position for governmental activities of \$12,529,618, as originally reported, has been decreased to \$11,756,199 and beginning fund balance for the General Fund of \$5,133,241, as originally reported, has been increased to \$5,423,039.

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REQUIRED SUPPLEMENTARY INFORMATION

ST. MARY PARISH LIBRARY COMMISSION

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 2,937,907	\$ 2,578,385	\$ 2,846,098	\$ 267,713
Intergovernmental -				
State revenue sharing	56,000	59,939	60,445	506
State grants	1,287	1,945	1,945	-
Miscellaneous -				
Interest and investment earnings	8,000	11,283	11,283	-
Other sources	17,700	106,931	106,931	-
Total revenues	<u>\$ 3,020,894</u>	<u>\$ 2,758,483</u>	<u>\$ 3,026,702</u>	<u>\$ 268,219</u>
Expenditures:				
Current -				
Culture and recreation:				
Salaries and related expenditures	\$ 1,391,950	\$ 1,382,832	\$ 1,379,435	\$ 3,397
Professional services	38,200	27,100	28,200	(1,100)
Materials and supplies	130,000	167,800	163,806	3,994
Library materials - non capital	146,000	120,095	124,069	(3,974)
Travel and other charges	25,000	25,000	25,651	(651)
Ad valorem tax deductions	119,475	144,996	93,713	51,283
Repairs and maintenance	107,000	143,300	134,140	9,160
Telephone and utilities	220,000	220,000	202,284	17,716
Insurance	108,050	84,721	85,167	(446)
Miscellaneous	24,130	20,950	19,241	1,709
Capital outlay -				
Books	210,000	190,000	170,809	19,191
Buildings and improvements	-	-	2,328	(2,328)
Furniture and equipment	100,000	40,000	38,638	1,362
Construction in progress	-	192,369	187,614	4,755
Total expenditures	<u>\$ 2,619,805</u>	<u>\$ 2,759,163</u>	<u>\$ 2,655,095</u>	<u>\$ 104,068</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 401,089</u>	<u>\$ (680)</u>	<u>\$ 371,607</u>	<u>\$ 372,287</u>
Other financing sources (uses):				
Transfers in	\$ -	\$ -	\$ 3,787	\$ 3,787
Net change in fund balance	\$ 401,089	\$ (680)	\$ 375,394	\$ 376,074
Fund balance, beginning, restated	<u>5,442,213</u>	<u>5,442,213</u>	<u>5,423,039</u>	<u>(19,174)</u>
Fund balance, ending	<u>\$ 5,843,302</u>	<u>\$ 5,441,533</u>	<u>\$ 5,798,433</u>	<u>\$ 356,900</u>

See Note to Budgetary Comparison Schedule.

ST. MARY PARISH LIBRARY

NOTE TO BUDGETARY COMPARISON SCHEDULE

Note 1. Budgets and Budgetary Accounting

The Library follows the following 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 90 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 10 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 adopts 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 of cash receipts and disbursements.

All budgeted appropriations lapse at year-end. The budgets presented are the originally adopted budget and the final budget.

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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

Board of Control
St. Mary Parish Library
Franklin, Louisiana

Partners:

Frank A. Stagno, CPA*
Scott J. Broussard, CPA*
L. Charles Abshire, CPA*
P. John Blanchet, III, CPA*
Martha B. Wyatt, CPA*
Joey L. Breaux, CPA*
Craig J. Viator, CPA*
John L. Istre, CPA*
Elizabeth J. Moreau, CPA*
Lonnie J. Hebert, CPA*
Robert M. DeRouen, Jr. CPA*

Directors:

Jason P. LeBlanc, CPA
Laurel L. Montagnet, CPA
Valeri A. Grayson, CPA

Retired Partners:

Sidney L. Broussard, CPA 1925-2005
Leon K. Poché, CPA 1984
James H. Breaux, CPA 1987
Erma R. Walton, CPA 1988
George A. Lewis, CPA 1992
Geraldine J. Wimberley, CPA 1995
Lawrence A. Cramer, CPA 1999
Ralph Friend, CPA 2002
Donald W. Kelley, CPA 2005
George J. Trappey, III, CPA 2007
Terrel P. Dressel, CPA 2007
Herbert Lemoine II, CPA 2008
Mary T. Miller, CPA 2011
Mary A. Castille, CPA 2013

*Members of American Institute of
Certified Public Accountants
Society of Louisiana Certified
Public Accountants*

* A Professional Accounting Corporation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the St. Mary Parish Library as of and for the year ended December 31, 2013, and the related notes to financial statements and have issued our report thereon dated June 24, 2014.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and responses, we identified a certain deficiency in internal control that we consider to be a material weakness.

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 Library'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. We consider the deficiency described in the accompanying schedule of findings and responses at #2013-1 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 of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The St. Mary Parish Library's Response to the Findings

The Library's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. 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 Library's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Library's internal control and compliance. This report is intended for the information and use of the St. Mary Parish Library, management, others within the entity, federal awarding agencies and pass-through entities, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Accordingly, this communication is not suitable for any other purpose, however, this report is a matter of public record and its distribution is not limited.



Lafayette, Louisiana
June 24, 2014

ST. MARY PARISH LIBRARY
 SCHEDULE OF FINDINGS AND RESPONSES
 Year Ended December 31, 2013

We have audited the basic financial statements of the St. Mary Parish Library as of and for the year ended December 31, 2013, and have issued our report thereon dated June 24, 2014. 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. Our audit of the financial statements as of December 31, 2013 resulted in an unmodified opinion.

Section I. Summary of Auditors' Results

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material weaknesses	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Control deficiencies identified that are not considered to be material weaknesses	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported

Compliance

Compliance material to financial statements	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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Section II. Financial Statement Findings

#2013-1 Segregation of Duties

Finding: The Library does not have an adequate segregation of duties. A system of internal control procedures contemplates a segregation of duties so that no one individual handles a transaction from its inception to its completion. While we recognize that the Library may not be large enough to permit an adequate segregation of duties for an effective system of internal control procedures, it is important that you be aware of this condition.

Recommendation: Keeping in mind the limited number of personnel to which duties can be assigned, the Library should monitor assignment of duties to assure as much segregation of duties and responsibility as possible.

Management Response: Based on the size of the operation and the cost benefit of additional personnel, it may not be feasible to achieve complete segregation of duties. Hiring an accounting firm to close our monthly books is as close as we can come to segregation of duties.

ST. MARY PARISH LIBRARY
SCHEDULE OF PRIOR FINDINGS
Year Ended December 31, 2013

Section I. Internal Control and Compliance Material to the Financial Statements

#2012-1 Segregation of Duties

Recommendation: Keeping in mind the limited number of personnel to which duties can be assigned, the Library should monitor assignment of duties to assure as much segregation of duties and responsibility as possible.

Current Status: This finding is in the current year's schedule of findings and responses at #2013-1. The Library has provided as much segregation of duties as possible with the resources available.

#2012-2 Budget Violation

Recommendation: The Library should implement the budget format for the next budget revision or the next budget year, whichever comes first.

Current Status: This issue has been resolved in the current year.

Section II. Internal Control and Compliance Material to Federal Awards

Not applicable.

Section III. Management Letter

The prior year's report did not include a management letter.