
AUDUBON REGIONAL LIBRARY
ANNUAL FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
YEAR ENDED DECEMBER 31, 2022

AUDUBON REGIONAL LIBRARY
 ANNUAL FINANCIAL STATEMENTS
 AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2022
 TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report on Financial Statements	1-3
Management's Discussion and Analysis	4-10
<u>Basic Financial Statements</u>	
<u>Government Wide Financial Statements</u>	
Statement of Net Position	11
Statement of Activities	12
<u>Fund Financial Statements</u>	
Balance Sheet - Government Funds	13
Reconciliation of the Balance Sheet-Governmental Funds To the Statement of Net Position	14
Statement of Revenues, Expenditures, and Changes in Fund Balance-Governmental Funds	15-16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds to the Statement of Activities	17
Notes to Financial Statements	18-31
Statement of Special Revenue Funds	32-34
<u>Required Supplemental Information</u>	
Budgetary Comparison Schedule - General Fund	35-36
Schedule of Employer's Share of Net Pension Liability	37-38
<u>Supplemental Information</u>	
Schedule of Compensation, Benefits & Other Payments to Agency Head	39
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	40-41
Schedule of Audit Findings	42-43
Statewide Agreed Upon Procedures	44-55

MC DUFFIE K. HERROD, LTD.

(A Professional Accounting Corporation)

McDUFFIE K. HERROD
CERTIFIED PUBLIC ACCOUNTANT

Member:

American Institute of CPAs
Society of Louisiana CPAs

POST OFFICE BOX 8436
12410 WOODVILLE ST.
CLINTON, LA 70722
Telephone (225) 683-3888
Facsimile (225) 683-6733
Email mkherrod@bellsouth.net

Independent Auditor's Report

Board of Commissioners
Audubon Regional Library
Clinton, Louisiana

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Audubon Regional Library, a component unit of the East Feliciana Parish Police Jury, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Audubon Regional Library's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Audubon Regional Library, as of December 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Audubon Regional Library and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Audubon Regional Library's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Audubon Regional Library's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Audubon Regional Library's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

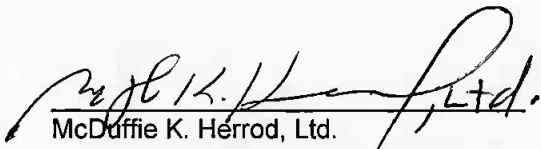
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Audubon Regional Library's basic financial statements. The other supplementary information listed in the table of

contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of compensation, benefits & other payments to agency head is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and other procedures performed as described above, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, We have issued a report dated June 23, 2023, on our consideration of the Audubon Regional 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 provide an opinion on the effectiveness of the Library's 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 Audubon Regional Library's internal control over financial reporting and compliance.



McDuffie K. Herrod, Ltd.
A Professional Accounting Corporation
June 23, 2023

**AUDUBON REGIONAL LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022**

As management of the Audubon Regional Library (hereafter referred to as the Library), we offer readers of the Library's financial statements this narrative overview and analysis of the financial activities of the Library for the year ended December 31, 2022. The emphasis of discussions about these statements will be on current year data and should be read in conjunction with the financial report as a whole.

FINANCIAL HIGHLIGHTS

- The Audubon Regional Library is a two-parish Public Library System that was organized in 1963. The rural parishes of East Feliciana and Saint Helena share administration costs, mobile library services and library collections to provide enhanced library and information services to the 30,459 residents of the combined parish areas. Audubon Regional Library serves both parishes with a headquarters library located in Clinton and two branches in Jackson and Greensburg.
- The Library budget is advertised, subject to public review, approved by the Library Board of Commissioners in December of the previous year. Financial reports are reviewed quarterly and the budget is revised, if needed, throughout the year. The Auditor reports to the Board at the conclusion of the audit and makes recommendations, as needed, for improvement.
- In 2022, the Library experienced growth through continued, meaningful patron engagement and our movement toward completion of capital improvement endeavors. Audubon Regional Library has invested in, and continues to invest in, collection resources, staffing, and programming to see tangible output within its facilities.
- The Library collection was composed of 41,188 print materials with total access to 138,446 digital items. The library circulated 48,134 items. The library increased the number of programs throughout the year and realized a total of 4,023 attendees. Program costs increased 238.8%. There was an increase in patron accounts to 16,613 and recorded 17,700 visits and over 78,262 wireless connections were initiated. Throughout the year, library staff fielded 24,379 reference questions.
- Audubon Regional Library increased the number of employees to 15 and was open to the public 40 hours per week, 52 weeks in 2022. Library payroll costs increased 16.8% due to employee raises and additional employees.

**AUDUBON REGIONAL LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022**

- Further expenditures of note were the purchase of a newer all-in-one color copier/printer/scanner/fax for the Saint Helena branch, the Jackson branch move, and the start-up of the Clinton Library Church Project, including the initial asbestos and lead removal.
- The Library continues to serve the patrons of East Feliciana and Saint Helena parishes with all available resources to meet informational, educational, recreational, and cultural needs to benefit all residents, with library services that include books, magazines, newspapers, media, research tools, technology and technology programs, classes, and other professional activities.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of four parts - management's discussion and analysis (this section), the basic financial statements, required supplementary information, and other supplemental information. The basic financial statements include two kinds of statements that present different views of the Library:

- The first two statements on pages 11 and 12 are government-wide financial statements that provide information about the activities of the Library as a whole and present a longer-term view of the Library's finances.
- The remaining statements starting on page 13 are fixed financial statements that focus on individual parts of the Library's government, reporting the Library's operations in more detail than the government-wide statements.
- The governmental funds statements tell how general government services, such as Library services, were financed in the short term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide additional detailed data. The notes are followed by a section of required supplementary information that further explains and supports the information in the financial statements as well as providing budgetary comparison data. The last section of the report contains additional supplemental information regarding the governmental fund-general fund. The rest of this overview section of management's discussion and analysis explains the structure of contents of each of the statements.

Government-wide Statements

The government-wide statements report information about the Library as a whole using the accrual basis of accounting, which is similar to that which is used by private sector companies. The statement of net position on page 11 includes all of the Library's assets

**AUDUBON REGIONAL LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022**

and liabilities. All of the current year's revenues and expenses are accounted for in the statements of activities on page 12, regardless of when cash is received or paid.

These two statements report the Library's net position and changes in them. Net Position - the difference between the Library's assets and liabilities - is one way to measure the Library's financial health, or financial position. Over time, increases and decreases in the Library's net position is one indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors will also need to be considered to assess the overall health of the Library.

The government-wide financial statements of the Library report only one type of activity - governmental activities. All of the Library's basic services are included here, such as library services and general administration.

Fund Financial Statements

The fund financial statements, beginning on page 13, provide more detail about the Library's most significant funds - not the Library as a whole. State laws require the establishment of some funds. Funds are accounting devices that the Library uses to keep track of specific sources of funding and spending for particular purposes.

The Library used only the governmental type of fund with the following accounting approach. Most of the Library's basic services are included in governmental funds, which focus on how cash and other financial assets that can be readily converted to cash flow in and out of those funds, and the balances left at year-end that are available for spending. Those funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements therefore provide a detailed short-term view of the Library's general government operations and the basic services it provides, and helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Library's programs. Since this information does not include the additional long-term focus of government-wide statements, we provide reconciliations on the subsequent pages that explain the relationship (or difference) between the two different type statements.

**AUDUBON REGIONAL LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022**

FINANCIAL ANALYSIS OF THE LIBRARY AS A WHOLE

Net Position. The Library's combined net position increased between fiscal years 2021 and 2022. (See Table 1 below)

**Table 1
Library's Net Position**

	Governmental Activities	
	2021	2022
Current and other assets	\$2,362,914	\$2,602,761
Capital assets, net	373,061	497,061
Net pension asset	29,483	80,368
Utility Deposit	0	455
Deferred outflows – pension	19,633	13,075
Total Assets	\$2,785,091	\$3,193,720
Current liabilities	41,868	59,480
Deferred inflows	36,358	71,729
Net pension liability	0	0
Long term liabilities	48,000	36,000
Total Liabilities	\$ 126,226	\$ 167,209
 Net Position:		
Invested in capital assets, net of depreciation	\$ 373,062	\$ 497,061
Restricted	713,772	520,926
Unrestricted	1,572,031	2,008,524
Total net position	\$2,658,865	\$3,026,511

FINANCIAL ANALYSIS OF THE LIBRARY AS A WHOLE

Approximately 80 percent of the Library's revenue comes from a general property tax assessed on the property owners in each parish.

The total cost of all programs and services increased from the prior year. The Library's expenses cover all services, which it offers to the public.

**AUDUBON REGIONAL LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022**

Governmental Activities

**Table 2
Changes in Library's Net Position**

	Governmental Activities	
	2021	2022
Revenues		
Program Revenues		
Charges for services	\$ 7,317	\$ 8,981
E-Rate and grants	30,240	30,807
Donations – Gifts	6,423	326
Other Revenues	910,214	877,037
Total Revenues	\$ 954,194	\$ 917,151
Expenses		
General Governmental	\$ 526,863	\$ 549,504
Total Expenses	526,863	549,504
Increase in net position	\$ 427,331	\$ 367,647

**Table 3
Net Cost of Library's Governmental Activities**

	Governmental Activities	
	2021	2021
Library Services	\$ 526,863	\$ 549,504
	\$ 526,863	\$ 549,504

FINANCIAL ANALYSIS OF THE LIBRARY'S FUNDS

As the Library completed the year, its governmental funds reported a combined fund balance of \$3,026,511 reflecting an increase over the prior year. All, but \$520,926 of this fund balance is unrestricted and unassigned.

General Fund Budgetary Highlights

During the year, the Library operated well within its budget. Both revenues and expenditures were in favorable positions due to constant oversight and monitoring procedures.

**AUDUBON REGIONAL LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the year, the Library has invested \$497,061 in capital assets. (See Table 4).

**Table 4
Library's Capital Assets
(net of accumulated depreciation)**

	Governmental Activities	
	2021	2022
Vehicles	\$ 10,632	\$ 7,796
Buildings	126,700	141,669
Furniture and equipment	88,153	72,489
Library books	147,576	154,973
Construction in Progress	0	120,134
Total	\$ 373,061	\$ 497,061

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Approximately 80 percent of the Library's revenues are derived from an ad valorem tax on the voters of each parish. The Parish Police Juries must approve the Library's millage rates for collection of the ad valorem taxes each year. The economy is not expected to generate any significant growth in assessment values. Revenue from Library fees is not expected to increase, however, grant revenue may increase if certain grants are awarded. Since the grant awards amounts are unknown at the financial statement date, revenues have been budgeted for 2023 at approximately the same level as the 2022 budget.

**AUDUBON REGIONAL LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2022**

CONTACTING THE LIBRARY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our parishioners, taxpayers, investors and creditors with a general overview of the Library's finances and to demonstrate the Library's accountability for the money it receives. If you have questions about this report or need additional information, contact Mrs. Michele Jones, Director, P. O. Box 8389, Clinton, Louisiana 70722.

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

AUDUBON REGIONAL LIBRARY
Statement of Net Position
December 31, 2022

	Governmental Activities
<u>Current Assets</u>	
Cash and cash equivalents	\$ 1,020,874
Investments	97,569
Receivables	869,449
Prepaid expenses	33,943
Restricted Assets:	
Building Fund	580,926
Total Current Assets	2,602,761
<u>Non Current Assets</u>	
Capital assets, net of depreciation	497,061
Utility Deposit	455
Net pension asset	80,368
<u>Deferred Outflows</u>	
Pension Related	13,075
Total Assets and Deferred Outflows	3,193,720
<u>Liabilities</u>	
Accounts payable and accrued expenses	32,796
Intergovernmental Payables	26,684
<u>Long Term Liabilities</u>	
Building Lease Obligation	36,000
<u>Deferred Inflows</u>	
Pension Related	71,729
Total Liabilities and Deferred Inflows	167,209
<u>NET POSITION</u>	
Invested in capital assets	497,061
Restricted - Building fund	520,926
Unassigned	2,008,524
Total Net Position	\$ 3,026,511

The accompanying notes are an integral part of this statement

AUDUBON REGIONAL LIBRARY
Statement of Activities
For the Year Ended December 31, 2022

Culture and recreation:	
Personal services	\$ 288,500
Operating services	158,543
Materials and supplies	25,834
Subscriptions & Periodicals	11,537
Depreciation expense	65,090
Total Program Expenses	<u>549,504</u>
Program revenues:	
Fines and forfeitures	570
Fees and charges for Library services	8,981
Total Program Revenue	<u>9,551</u>
Net Program Expenses	<u>539,953</u>
General revenues:	
Taxes - ad valorem	823,588
Intergovernmental:	
State revenue sharing	48,010
Interest earned	4,869
Other revenue	-
E-Rate revenue	30,807
Donations - Gifts	326
Grant revenue - cares act	-
Total general revenues	<u>907,600</u>
Change in Net Position	367,647
Net Position - Beginning of year	<u>2,658,864</u>
Net Position - End of year	<u>\$ 3,026,511</u>

The accompanying notes are an integral part of this statement

AUDUBON REGIONAL LIBRARY
Balance Sheet
Governmental Funds
December 31, 2022

	<u>Governmental Fund Types</u>		Total (Memorandum) (Only)
	General Fund	Special Revenue Fund	
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 1,020,874		\$ 1,020,874
Investments, at amortized cost	97,569		97,569
Receivables	869,449		869,449
Prepaid Expenses	33,943		33,943
Cash Restricted for Building Funds		580,926	580,926
Total assets	<u>2,021,835</u>	<u>580,926</u>	<u>2,602,761</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</u>			
<u>Liabilities</u>			
Accounts payable & accrued liabilities	32,796		32,796
Building Lease	36,000		36,000
Intergovernmental payable	26,684		26,684
Total liabilities	<u>95,480</u>	<u>-</u>	<u>95,480</u>
<u>FUND BALANCE</u>			
Fund balance-reserved for building fund		580,926	580,926
Fund balance- unassigned	1,926,355		1,926,355
Total Fund Balances	<u>1,926,355</u>	<u>580,926</u>	<u>2,507,281</u>
Total liabilities and Fund Balance	<u>\$ 2,021,835</u>	<u>\$ 580,926</u>	<u>\$ 2,602,761</u>

The accompanying notes are an integral part of this statement

AUDUBON REGIONAL LIBRARY
Reconciliation of the Balance Sheet-Governmental Funds
to the Statement of Net Position
For the Year Ended December 31, 2022

Total fund balance - governmental funds \$ 2,507,281

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

Deferred Outflows - Pension Related 13,075

Utility Deposit 455

Net Pension Asset 80,368

Capital assets used in governmental activities are not current
financial resources and, therefore, are not reported in the
Balance sheet - governmental funds. 497,061

Deferred Inflows - Pension Related (71,729)

Net Pension Liability -

Total net position of governmental activities \$ 3,026,511

The accompanying notes are an integral part of this statement

AUDUBON REGIONAL LIBRARY
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2022

	General Fund	Special Revenue Funds	Total (Memorandum Only)
<u>REVENUES</u>			
Ad valorem taxes	\$ 823,588	\$ -	\$ 823,588
Intergovernmental revenues			
State revenue sharing	48,010		48,010
E-Rate revenue	30,807		30,807
Interest earnings	2,983	1,887	4,870
Fees and charges for library services	8,981		8,981
Fines and forfeitures	570		570
Donations and gifts	326		326
Grant income	-		-
<u>Total revenues</u>	<u>915,265</u>	<u>1,887</u>	<u>917,152</u>
<u>EXPENDITURES</u>			
Salaries and related benefits	297,456		297,456
Rents	10,200		10,200
Telephone & communication	39,855		39,855
Grant expense	-		-
Insurance	16,098		16,098
Intergovernmental	-		-
Utilities	21,526		21,526
Professional services	22,317		22,317
Bookmobile / Van	4,485		4,485
Travel	-		-
Repairs and maintenance	43,312		43,312
Materials and supplies	25,834		25,834
Subscriptions & periodicals	11,538		11,538
Capital outlay	189,090		189,090
Other Expenses	1,205		1,205
<u>Total Expenditures</u>	<u>\$ 682,916</u>	<u>\$ -</u>	<u>\$ 682,916</u>

The accompanying notes are an integral part of this statement

AUDUBON REGIONAL LIBRARY
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2022
(Continued)

	General Fund	Special Revenue Funds	Total (Memorandum) Only)
<u>NET CHANGE IN FUND BALANCES</u>	<u>\$ 232,349</u>	<u>\$ 1,887</u>	<u>\$ 234,236</u>
<u>FUND BALANCES AT BEGINNING OF YEAR</u>	<u>\$ 1,559,273</u>	<u>\$ 713,772</u>	<u>\$ 2,273,045</u>
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$ 1,791,622</u>	<u>\$ 715,659</u>	<u>\$ 2,507,281</u>

The accompanying notes are an integral part of this statement

AUDUBON REGIONAL LIBRARY
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental
Funds to the Statement of Activities
For the Year Ended December 31, 2022

Net change in fund balances - total governmental funds \$ 234,236

Amounts reported for governmental activities in the statement of activities are 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 reported as depreciation expenses. This is the amount which depreciation exceeded capital outlays in the current period.

Depreciation expense	(65,090)
Capital outlays	189,090

Change in Net Pension Asset and Related Deferred Outflows and Inflows of Resources	8,956
---	-------

Utility Deposit	455
-----------------	-----

Change in net position of governmental activities	<u><u>\$ 367,647</u></u>
---	--------------------------

The accompanying notes are an integral part of this statement

**AUDUBON REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

INTRODUCTION

The Audubon Regional Library was established in 1963, as authorized by Louisiana Revised Statute 25:217, through the cooperative efforts of the police juries of St. Helena and East Feliciana Parishes. The Library provides citizens of these parishes access to Library materials, books, magazines, records and films. The Library is governed by a board of commissioners consisting of eight members, three appointed from each parish by their police jury, and two who are the police jury presidents for each parish who serve as ex-officio members. Terms for appointed members are for five years, and members serve without pay. Libraries located in Clinton, Greensburg and Jackson are supported by property tax assessments in both parishes.

Note #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying basic financial statements of the Audubon Regional Library have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, Basic Financial Statements and Management's Discussion and Analysis - for State and Local Government, issued in June 1999.

REPORTING ENTITY

Governmental Accounting Standards Board No. 14 established criteria for determining which component units should be considered part of the police jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

- A. Appointing a voting majority of an organization's governing body and
 1. The ability of the police jury to impose its will on that organization, and/or
 2. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
- B. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
- C. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

The Audubon Regional Library is considered a joint venture of the participating police juries, and therefore, issues fund financial statements separate from the police juries.

AUDUBON REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

The accompanying basic financial statements present information only on the funds maintained by the Library.

FUND ACCOUNTING

The Library uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Library functions and activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the Library are classified as governmental funds. Governmental funds account for the Library's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations. Governmental funds account for all or most of the Library's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the Library. The following are the Library's governmental funds:

General fund

General fund is the primary operating fund of the Library. It accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transacted in accordance with state and federal laws and according to the Library policy.

Special Revenue Funds

The special revenue funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

MEASUREMENT FOCUS / BASIS OF ACCOUNTING
GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

The Statement of Net Assets and the Statement of Activities display information about the Library as a whole. These statements include all the financial activities of the Library. Information contained in these statements reflects the economic resources

AUDUBON REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

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 each is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement no. 33, Accounting and Financial Reporting for Non-exchange Transactions.

Program Revenues - Program revenues included in the column labeled Statement of Activities (Statement B) are derived directly from Library users as a fee for services; program revenues reduce the cost of the function to be financed from the Library's general revenues.

The amounts reflected in the General Fund of the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance are accounted for using a current financial resources measurement focus. 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 funding uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the Library's operations (See the reconciliation statements).

The amounts reflected in the General Fund in the FFS use 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 collectable within the current period or soon enough thereafter 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 financial resources. The governmental funds use the following practices in recording revenues and expenditures.

Revenues

Ad valorem taxes and the related state revenue sharing (which is based on population and homesteads in the parish) are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year and become delinquent on December 31. Taxes are generally collected in December of the current year end and January and February of the following year.

Where grant revenue is dependent upon expenditures by the Library, revenue is recognized when the related expenditures are incurred.

Interest income on time deposits (certificates of deposit) is recorded when earned.

AUDUBON REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

Substantially all other revenues are recorded when received.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for accumulated vacation leave, which is not accrued.

Other Financing Sources (Uses)

Transfers between funds, which are not expected to be repaid, are accounted for as other financing sources (uses) and are recorded when incurred.

Budgets

The director directs the preparation of a proposed budget annually and submits it to the Board for adoption.

The public hearing announcement detailing the availability of the proposed budget for public inspection is advertised in the official journals of East Feliciana and St. Helena Parishes at least ten days prior to the date of the public hearing. After the public hearing is held, the budget is formally adopted at a regular board meeting. A summary of the adopted budget is published in the official journal.

Formal budget integration is employed as a management control device during the year.

Budgetary amendments require the approval of the board. All budgetary appropriations lapse at the end of the year.

Budgetary amounts included in the accompanying financial statements reflect the original adopted budget and all budget amendments.

Encumbrances

The Library does not use encumbrance accounting.

Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Library may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Investments

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the Library's investment policy. If the original maturities of investments exceed 90 days, they are

AUDUBON REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

Prepaid Expenses

Prepaid expenses are comprised of payments made for cost that will benefit periods beyond December 31, 2022.

Capital Assets

Capital assets are capitalized at historical cost or estimated historical cost if historical cost is not available. Donated assets are recorded at their estimated fair market value at the date of donation. The Library maintains a threshold level of \$500 or more for capitalizing capital assets.

Capital assets are recorded in the Statement of Net Assets and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets are depreciated using the straight-line method over the following useful lives.

Equipment & Furniture	5 - 7 years
Vehicles	10 years
Buildings	20 years
Library collections	10 years

Compensated Absences

Staff members who work 34 hours or more per week are considered full time. Full-Time employees will earn leave as follows:

Annual Leave: after one year of employment, one work day per month; 90 hours may be carried forward and a maximum of 180 hours will be paid upon termination or retirement.

Sick Leave: earned at 1/20th of hours worked starting on the date of hire; sick leave cannot be used until completion of the 3 month probationary period; no sick leave is compensated upon termination or retirement.

The Library recognized Accrued Leave in the amount of \$6,448 at December 31, 2022.

Restricted Assets

For government-wide statement of net position, assets are reported as restricted when constraints placed on asset use are either:

- A. externally imposed by creditors (such as debt covenants), grants, contributors, or laws or regulations of other governments; or
- B. imposed by law through constitutional provisions or enabling legislation.

AUDUBON REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Any designations of fund balance represent tentative management plans that are subject to change.

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 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.

Bad Debts

Uncollectible amounts due for ad valorem taxes and other revenues are recognized as bad debts at the time information becomes available which would indicate uncollectibility of the receivable. Although the specific charge-off method is not in conformity with generally accepted accounting principles (GAAP), no allowance for uncollectible receivables was made due to immateriality at December 31, 2022.

Note #2 CASH AND CASH EQUIVALENTS

These deposits are stated at cost which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount of deposit with the fiscal agent. 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.

At December 31, 2022, the Library has cash and cash equivalents (book balances) totaling \$1,230,280. This total is comprised of \$1,020,874 in interest-bearing demand deposits that are unrestricted and \$209,406 that is restricted as part of the building funds by management.

Note #3 INVESTMENTS

At December 31, 2022, investments are comprised of Time Certificates of Deposit and savings in the amount of \$469,088.

Investments are limited by law and the Library's investment policies. The investments in time certificates of deposit is secured from risk by federal depository insurance and pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). Time Certificates of Deposit and savings in the amount of \$371,520 is restricted as part of the building funds.

**AUDUBON REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

At December 31, 2022, the unrestricted investment's amortized cost and the market value are \$97,568.

Note #4 RECEIVABLES

The following is a summary of receivables at December 31, 2022:

Ad valorem taxes	\$821,261
State revenue sharing	<u>48,188</u>
Total	<u>\$869,449</u>

Note #5 CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2022 is as follows:

	Balance <u>Dec. 31, 2021</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Dec. 31, 2022</u>
Governmental Activities				
Vehicles & Equipment	\$ 28,357			\$ 28,357
Buildings	179,975	25,859		205,834
Furniture & Equipment	552,456	5,676		558,132
Library Collection	869,953	37,421		907,374
Construction in Progress	0	120,134		120,134
Total	<u>\$ 1,630,741</u>	<u>189,090</u>		<u>\$ 1,819,831</u>
Less accumulated depreciation:				
Vehicles	\$ 17,725	2,836		\$ 20,561
Buildings	53,276	10,890		64,166
Furniture & Equipment	464,304	21,340		485,644
Library Collection	722,376	30,024		752,400
Total	<u>\$ 1,257,681</u>	<u>65,090</u>		<u>\$ 1,322,771</u>

During 2022, the Library incurred \$189,090 in capital outlay expenditures.

Note #6 PENSION PLAN

All full time employees of the Library, regularly scheduled over 28 hours, are eligible to be members of the Parochial Employees Retirement System of Louisiana, a multiple-employer, public employee retirement system, controlled and administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. Eligible employees of the Library are members of Plan B. Contributions of participating agencies are pooled within the system to fund accrued benefits, with contribution rates approved by the Louisiana Legislature.

AUDUBON REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds are eligible to participate in the System. Employees hired prior to 1/1/07 are eligible to retire with 7 years of creditable service at age 65, 10 years of creditable service at age 60 or with 30 years of creditable service at age 55. Employees hired 1/1/07 and later are eligible to retire with 7 years of service at age 67, 10 years of service at age 62 or with 30 years of service at age 55.

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to 2% of the members' final average compensation multiplied by his years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

Survivor Benefits: Plan B members need 10 years of service credit to be eligible for survivor benefits. Upon the death of any member of Plan B with 20 or more years of creditable service who is not eligible for normal retirement, the plan provides for an automatic Option 2 benefit for the surviving spouse when he/she reaches age 50 and until remarriage, if the remarriage occurs before age 55.

A surviving spouse who is not eligible for Social Security survivorship or retirement benefits, and married not less than 12 months immediately preceding death of the member, shall be paid an Option 2 benefit beginning at the age 50.

Deferred Retirement Option Plan: Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the Retirement System. DROP is an option for that member who is eligible for normal retirement. In lieu of terminating employment and accepting a service retirement, any member of Plan B who is eligible to retire may elect to participate in the Deferred Retirement Option Plan (DROP) in which they are enrolled for 3 years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP fund.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account. Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date.

For individuals who become eligible to participate in the Deferred Retirement Option Plan on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in the Plan will be placed in liquid asset money market investments at the discretion of the board of trustees. These subaccounts may be credited with interest based on money market rates of return or, at the option of the System, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of this Plan must agree that the benefits payable to the participant are not the obligations of the state or the System, and that any returns and other rights of the Plan are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

AUDUBON REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

Disability Benefits: For Plan B, a member shall be eligible to retire and receive a disability benefit if he/she was hired prior to January 1, 2007, and has at least 5 years of creditable service or if hired after January 1, 2007, has 7 years of creditable service, and is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of an amount equal to 2% of the member's final average compensation multiplied by his years of service, not to be less than 15, or an amount equal to what the member's normal benefit would be based on the member's current final compensation but assuming the member remained in continuous service until his earliest normal retirement age.

Cost of Living Increases: The Board is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age 65 equal to 2% of the member's benefit paid on October 1, 1977, (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older. (RS 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

Employer Contributions: According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2021, the actuarially determined contribution rate was 7.07% for member's compensation for Plan B. However, the actual rate for the fiscal year ending December 31, 2021 was 7.5% for Plan B. Members are required to contribute 3.0% of their annual covered salary and the Library is required to contribute 7.5% of annual covered payroll. The Library contributed \$10,439 during 2022 as its share of contributions. The Library does not guarantee the benefits granted by the retirement system.

Non-Employer Contributions: According to the state statute, the System also receives $\frac{1}{4}$ of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge Parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities.

Pension Liabilities/Assets, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources: At December 31, 2022, the Library reported assets in its financial statements of \$80,368 for its proportionate share of the net pension asset of PERS. The net pension assets / liabilities are measured as of December 31, 2021 and the total pension asset used to calculate the net pension obligation was determined by separate actuarial valuations performed as of that date. The Library's proportion of the net pension asset was based on a projection of the Library's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2021, the Library's proportional share of PERS

**AUDUBON REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

was 0.143819%, which was an increase of as its proportion measured as of December 31, 2020.

At December 31, 2022, the Library reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

Deferred Flows of Resources:	<u>Outflows</u>	<u>Inflows</u>
Differences between expected and actual experience	\$ 1,527	\$ 8,541
Net difference between projected and actual earnings on Pension Plan Investments		52,357
Changes in Assumption	3,229	
Changes in Proportion	263	392
Employer contributions subsequent to measurement date	8,056	10,439
	<u>\$ 13,075</u>	<u>\$ 71,729</u>

The Library reported \$13,075 as deferred outflow of resources related to pension contributions made subsequent to the plan's measurement period of December 31, 2021 which will be recognized as an liability in net pension asset in the Library's fiscal year ended December 31, 2022.

Actuarial Methods and Assumptions: A summary of the actuarial methods and assumptions used in determining the total pension liability for Plan B as of December 31, 2022 are as follows:

Valuation Date	December 31, 2021
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	6.40% (Net of investment expense)
Expected Remaining Service lives	4 years
Projected Salary Increases	4.25%
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently paid by the system and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees.

AUDUBON REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

Mortality

Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females using MP2018 scale for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females using MP2018 scale. Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale for disabled Annuitants.

The discount rate used to measure the total pension liability was 6.40% for Plan B. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.10% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.0% for the year ended December 31, 2021.

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2013 through December 31, 2017. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality. As a result of this study, mortality for employees was set equal to the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale. In addition, mortality for annuitants and beneficiaries was set equal to the Pub-2010 Public Retirement plans Mortality Table for Healthy Retirees multiplied by

AUDUBON REGIONAL LIBRARY
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2022

130% for males and 125% for females, each with full generational projection using the MP2018 scale. For Disabled annuitants mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale.

The following presents the net pension liability of the participating employers calculated using the discount rate of 6.4%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.4% or one percentage point higher 7.4% than the current rate.

	Plan B Changes in Discount Rate 2021		
	1%	Current	1%
	Decrease (5.4%)	Discount Rate (6.4%)	Increase (7.4%)
Net Pension Liability (Asset)	\$ (6,940)	\$ (80,368)	\$ (141,772)

Note #7 LEASES

The Library is currently committed under three leases for building and office space. These leases were considered for accounting purposes to be operating leases for previous periods. Lease expenditures for the year ended December 31, 2022, amounted to \$10,200.

Beginning with January 1, 2017, payments for the building in St. Helena Parish became a capital lease, now referred to as a finance lease under Accounting Standards Codification #842. The future payments for the annual leases listed below reflect only the lease for space in Clinton, Louisiana and Jackson, Louisiana.

Future minimum lease payments for these leases are as follows, for one year:

Year Ending	Amount
2022	\$ <u>12,000</u>
	\$ <u>12,000</u>

This finance lease is for the building in Greensburg. It has been recognized as a fixed asset and recorded in the Library's books at expected cost at the end of the term of the lease-purchase agreement, along with the corresponding liability. The future minimum lease payments total to \$60,000, or \$1,000 per month for 60 months.

AUDUBON REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note #8 LITIGATION AND CLAIMS

The Library was not involved in litigation at December 31, 2022.

Note #9 LEVIED TAXES

In November 2017, the voters in St. Helena and East Feliciana Parishes approved a millage rate of 2.50 mills to be levied for the next ten years in support of the Library.

The following is a summary of levied ad valorem taxes for 2022.

Parish wide maintenance tax

East Feliciana	2.50
St. Helena	2.50

Note #10 BOARD MEMBERS PER DIEM

The board members are not paid per diem or compensation for their service.

Note #11 RELATED PARTY TRANSACTIONS

There are no related party transactions that require disclosure.

Note #12 RISK MANAGEMENT

The Audubon Regional Library is exposed to various risks of loss including injuries to workers, criminal or property damage, theft and other possible related claims. The Library purchases commercial insurance to minimize this risk of loss from these types of occurrences. There was no significant reduction in insurance coverage from the prior year.

Note #13 SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 23, 2022, the date on which the financial statements were available to be issued, and it has been determined that no significant event requires disclosure.

Note #14 E-RATE REVENUE

Audubon Regional Library qualifies and participates in the federal E-RATE program. This program reimburses the Library for a percentage of telecommunication and Internet charges provided by Unity Fiber. The program runs each year from June 30 - July 1. In

AUDUBON REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

2022, charges for networking and phone service were \$39,855 and the E-Rate reimbursement was \$30,807.

Note #15 Special Revenue Funds

Sarah T. Jones Memorial Fund accounts for funds donated to the Library by friends of Sarah T. Jones. These funds are to be used exclusively for the purchase of furniture and equipment for the Library.

The Judge William T. Bennett Memorial Funds accounts for funds donated to the Library by friends of Judge William T. Bennett. These funds are to be used for furnishings, decorations or equipment for the Library.

Clinton and Greensburg Library Building Funds are funds to be raised for the purposed building of new Library facilities in Clinton and Greensburg.

AUDUBON REGIONAL LIBRARY
Special Revenue Funds
Balance Sheet
at December 31, 2022

	Library Building Funds	Sarah T. Jones Memorial Fund	Judge William T. Bennett Memorial Fund	Total (Memorandum Only)
<u>ASSETS AND OTHER DEBITS</u>				
Assets				
Investments and savings	\$ 578,108	\$ 1,667	\$ 1,151	\$ 580,926
<u>Total Assets</u>	578,108	1,667	1,151	580,926
 LIABILITIES, EQUITY AND OTHER EQUITY				
EQUITY AND OTHER CREDITS				
Fund balance undesignated	\$ 578,108	\$ 1,667	\$ 1,151	\$ 580,926

The accompanying notes are an integral part of this statement

AUDUBON REGIONAL LIBRARY
SPECIAL REVENUE FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2022

	LIBRARY BUILDING FUNDS	SARAH T. JONES MEMORIAL FUND	JUDGE WILLIAM T. BENNETT MEMORIAL FUND	TOTAL (MEMORANDUM ONLY)
<u>REVENUES</u>				
Interest earnings & deposits	\$ 1,880	\$ 4	\$ 3	\$ 1,887
Total Revenues	1,880	4	3	1,887
<u>EXPENDITURES</u>				
	0	0	0	0
Total Expenditures	0	0	0	0
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>				
	1,880	4	3	1,887
<u>FUND BALANCES AT BEGINNING OF YEAR</u>				
	576,227	1,664	1,148	579,039
<u>FUND BALANCES AT END OF YEAR</u>				
	\$ 578,107	\$ 1,668	\$ 1,151	\$ 580,926

The accompanying notes are an integral part of this statement

AUDUBON REGIONAL LIBRARY
NOTES TO SPECIAL REVENUE FUND STATEMENTS
DECEMBER 31, 2022

Sarah T. Jones Memorial Fund

Sarah T. Jones Memorial Fund accounts are funds donated to the Library by Friends of Sarah T. Jones. These funds are used exclusively for the purchase of furniture and equipment for the library.

Judge William T. Bennett Memorial Fund

The Judge William T. Bennett Memorial Fund accounts for funds donated to the Library by Friends of Judge William T. Bennett. These funds are to be used for furnishings, decorations, or equipment for the Library.

Clinton and Greensburg Library Building Funds

These donations are funds to be raised for the purpose of the building of new Library facilities in Clinton and Greensburg.

AUDUBON REGIONAL LIBRARY
 Budgetary Comparison Schedule
 General Fund
 Year Ended December 31, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>REVENUES</u>			
Ad valorem taxes	\$ 762,107	\$ 823,588	\$ 61,481
State revenue sharing	48,010	48,010	0
E-Rate revenue	30,240	30,807	567
State aid	0	0	0
Local grants	0	0	0
Interest earnings	1,650	4,870	3,220
Fees and charges for library services	7,500	8,981	1,481
Fines and forfeitures	500	570	70
Donations and gifts	2,500	326	(2,174)
Miscellaneous income	0	0	0
	<u>\$ 852,507</u>	<u>\$ 917,152</u>	<u>\$ 64,645</u>
<u>EXPENDITURES</u>			
Salaries and related benefits	272,918	297,456	(24,538)
Rents	22,530	10,200	12,330
Telephone & networking	39,000	39,855	(855)
Grant expense	0	0	0
Insurance	13,900	16,098	(2,198)
Intergovernmental	0	0	0
Utilities	19,500	21,526	(2,026)
Professional services	21,560	22,317	(757)
Repairs and maintenance	40,500	43,312	(2,812)
Materials and supplies	29,300	25,834	3,466
Bookmobile / Van	6,600	4,485	2,115
Subscriptions & periodicals	15,200	11,538	3,662
Capital outlay	209,285	189,090	20,195
Other expenses	4,100	1,205	2,895
	<u>\$ 694,393</u>	<u>\$ 682,916</u>	<u>\$ 11,477</u>

The accompanying notes are an integral part of this statement

AUDUBON REGIONAL LIBRARY
 Budgetary Comparison Schedule
 General Fund
 Year Ended December 31, 2022
 (Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
NET CHANGE IN FUND BALANCES	<u>\$ 158,114</u>	<u>\$ 234,236</u>	<u>\$ 76,122</u>
FUND BALANCE AT BEGINNING OF YEAR		<u>2,273,045</u>	
FUND BALANCE AT END OF YEAR		<u>\$ 2,507,281</u>	

The accompanying notes are an integral part of this statement

AUDUBON REGIONAL LIBRARY
 SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
 DECEMBER 31, 2022

Actuarial Valuation Date	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
December 31, 2015	0.039333%	10,754	141,758	7.59%	99.15%
December 31, 2016	0.039205%	103,198	224,786	45.91%	92.23%
December 31, 2017	0.215847%	28,040	183,042	15.32%	21.58%
December 31, 2018	0.177452%	14,396	140,336	10.26%	96.14%
December 31, 2019	0.121409%	32,800	127,194	25.79%	112.54%
December 31, 2020	0.121409%	(7,722)	181,610	4.20%	102.05%
December 31, 2021	0.114844%	(29,483)	144,382	20.42%	106.76%
December 31, 2022	0.143819%	(29,483)	139,182	20.42%	106.76%

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

AUDUBON REGIONAL LIBRARY
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 DECEMBER 31, 2022

Actuarial Valuation Date	Contractually Required Contributions	Contributions in Relation to Contractual Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a percentage of covered payroll
December 31, 2015	23,702	23,702	-	141,758	16.76%
December 31, 2016	32,594	32,594	-	224,786	14.50%
December 31, 2017	37,891	37,891		183,042	20.70%
December 31, 2018	14,396	14,396		140,336	10.26%
December 31, 2019	9,526	9,526		127,194	7.49%
December 31, 2020	8,894	8,894		181,610	4.80%
December 31, 2021	9,865	9,865		144,382	6.83%
December 31, 2022	10,439	10,439		139,182	7.50%

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

AUDUBON REGIONAL LIBRARY
Clinton, Louisiana
Schedule of Compensation, Benefits, and
Other Payments to Agency Head
For the Year Ended December 31, 2022

In accordance with Act 462 of 2015 which amends Act 706 of the 2014 Legislative Session, the following Schedule of Compensation, Benefits, and Other Payments to the Agency Head is presented.

MICHELE JONES

PURPOSE	AMOUNT
Salary & Benefits:	
Salary	\$ 42,732
Benefits - Retirement	3,205
Total Salary & Benefits	\$ 45,937
 Other Items Paid on Behalf of Agency Head:	
Officer & Director Insurance	2,068
Travel	-
Dues	-
Total Other Items	\$ 2,068
Total Salary, Benefits, & Other Items	\$ 48,005

The accompanying notes are an integral part of this statement

MC DUFFIE K. HERROD, LTD.
(A Professional Accounting Corporation)

McDUFFIE K. HERROD
CERTIFIED PUBLIC ACCOUNTANT

Member:

American Institute of CPAs
Society of Louisiana CPAs

POST OFFICE BOX 8436
12410 WOODVILLE ST.
CLINTON, LA 70722
Telephone (225) 683-3888
Facsimile (225) 683-6733
Email mkherrod@bellsouth.net

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

Board of Commissioners
Audubon Regional Library
Clinton, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Audubon Regional Library, a component unit of the East Feliciana Parish Police Jury, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Audubon Regional Library's basic financial statements, and have issued our report thereon dated June 23, 2023.

Internal Control over Financial Reporting

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

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.

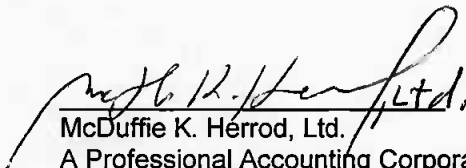
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses or significant deficiencies, as defined above.

Compliance and Other Matters

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

Purpose of This Report

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



McDuffie K. Herrod, Ltd.
A Professional Accounting Corporation
June 23, 2023

AUDUBON REGIONAL LIBRARY
SCHEDULE OF AUDIT FINDINGS
FOR THE YEAR ENNDED DECEMBER 31, 2022

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of the Audubon Regional Library.
2. No instances of noncompliance material to the financial statements of the Audubon Regional Library were disclosed during the audit.
3. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control.

B. PRIOR YEAR FINDINGS - FINANCIAL STATEMENTS AUDIT

Finding 2021-001 Public Bid Law

Condition: The Library purchased computer equipment in the amount of \$46,474 using American Rescue grant funds. While the expenditure was approved by the Board as documented in the meeting minutes, the Library did not advertise for bids. The use of American Rescue funds does not qualify as an exception.

Criteria: Per Louisiana RS 38:2212.1, Local political subdivisions and local governmental entities are required to use the Public Bid Law for the procurement of materials and supplies if the cost is over the contract limit of \$30,000, unless an exception exists.

Cause: Unknown

Effect: Noncompliance with the Public Bid Law

Recommendation: The Library needs to review the components of the Public Bid Law and be aware of the requirements prior to purchases.

Response: The Library will implement the recommendation.

Current status: Resolved.

Finding 2021-002 Noncompliance - State Law on Sexual Harassment

Condition: The Library did not file the required annual report with the state, although employees did have the required training.

Criteria: Per Louisiana RS 42:343 & 42:42344, each public servant shall receive a minimum of one hour of education and training on preventing sexual harassment during each full calendar year of his or her public employment or term of office. Each agency head shall compile an annual report by February 1st

AUDUBON REGIONAL LIBRARY
SCHEDULE OF AUDIT FINDINGS
FOR THE YEAR ENNDED DECEMBER 31, 2022

of each year containing information from the previous calendar year regarding his or her agency's compliance with the applicable requirements of RS 42:344.

Cause: Unknown

Effect: Noncompliance with State Law

Recommendation: The Library needs to implement policies and procedures for agency responsibilities and prohibitions regarding sexual harassment, annual training, and annual reporting.

Response: The Library will implement the recommendation at once.

Current status: Resolved.

C. PRIOR YEAR FINDINGS – INTERNAL CONTROL OVER FINANCIAL REPORTING

None

D. CURRENT YEAR FINDINGS – FINANCIAL STATEMENTS AUDIT

None

E. CURRENT YEAR FINDINGS – INTERNAL CONTROL OVER FINANCIAL REPORTING

None

F. MANAGEMENT LETTER

A management letter was not issued.

MC DUFFIE K. HERROD, LTD.

(A Professional Accounting Corporation)

McDUFFIE K. HERROD
CERTIFIED PUBLIC ACCOUNTANT

Member:

American Institute of CPAs
Society of Louisiana CPAs

POST OFFICE BOX 8436
12410 WOODVILLE ST.
CLINTON, LA 70722
Telephone (225) 683-3888
Facsimile (225) 683-6733
Email:
mkherrod@bellsouth.net

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Governing Board of Audubon Regional Library and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period **January 1, 2022 through December 31, 2022**. **Audubon Regional Library's** management is responsible for those C/C areas identified in the SAUPs.

Audubon Regional Library has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period **January 1, 2022 through December 31, 2022**. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
Procedures addressed budgeting adequately and provide for assistance from an outside accountant in maintaining the budget.
 - b) **Purchasing**, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
The procedure manual reviewed incorporates most of the above elements, however it is not clear on items (1) and (2). Management has indicated that the written procedures will be modified further to be sure they are in compliance.

- c) **Disbursements**, including processing, reviewing, and approving.
No exceptions were noted.
- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
No exceptions were noted.
- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
No exceptions were noted.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
No exceptions were noted.
- g) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
No exceptions were noted.
- h) **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
No exceptions were noted.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
No exceptions were noted.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
This is addressed under the Entity's "fiscal policies" although the Entity does not have any outside debt other than an ongoing capital lease.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in

a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

The Entity does not have a policy or procedures to address this issue.

- l) **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

No exceptions were noted.

2) Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and

- i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

No exceptions were noted.

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

No exceptions were noted.

- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Not applicable, not negative.

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

This was done shortly after last year's exit meeting.

3) Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
No exceptions were noted.
 - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
No exceptions were noted
 - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.
No exceptions were noted

4) Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
We obtained a listing of all deposit sites along with management's representation that the list is complete.
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that
- i. Employees responsible for cash collections do not share cash drawers/registers;
We found that employees responsible for cash collections do not share cash drawers.
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
No exceptions were noted.
 - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another

employee/official is responsible for reconciling ledger postings to each other and to the deposit; and

- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

No exceptions were noted for items iii and iv.

- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

No exceptions were noted.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- i. Observe that receipts are sequentially pre-numbered.

No exceptions were noted.

- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

We were able to trace all documentation to the deposit slip with no exceptions noted.

- iii. Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions were noted.

- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

No exceptions were noted.

- v. Trace the actual deposit per the bank statement to the general ledger.

No exceptions were noted.

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

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Management provided us with the requested list along with representation that the list is complete.

- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - b) At least two employees are involved in processing and approving payments to vendors;
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
 - e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

Items a-d: The Entity has 2 or more employees along with an outside accountant serving in these capacities. With sound controls in mind, management sees to it that these duties are segregated so that the initiation, approval, and payments for purchases are adequately divided and vendor files are not maintained by the same person. This is covered in the Entity's procedures.

[Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
No exceptions were noted.
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

No exceptions were noted.

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the

entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

No exceptions were noted.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

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

A listing of all active credit/debit cards was obtained from management along with representation that the list is complete.

- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and

- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and

No exceptions noted.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

No exceptions noted, no extra or late fees.

- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

All transactions tested had all required documentation and approvals with no exceptions noted.

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

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
Management provided us with the general ledger along with representation of completion.
- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
Not applicable.
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
Not applicable.
 - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
Not applicable.
 - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.
Not applicable.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and
- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
No exceptions were noted.
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
No exceptions were noted.
 - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
No exceptions were noted.

- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions were noted.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

A listing of employees during the fiscal period was obtained along with managements representation that the list is complete. From this listing, five employees were randomly selected.

- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
No exceptions were noted.
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
No exceptions were noted.
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
No exceptions were noted.
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
No exceptions were noted.

- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

No exceptions were noted.

- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

No exceptions were noted.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
- a. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
- No exceptions were noted.*
- b. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- No exceptions were noted*
23. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Since the staff size is small, the library director is the designee.

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- Not applicable.*
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).
- Not applicable.*

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- According to management, there was not misappropriation of public funds or assets.*
- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

The required notice is posted on the Entity's premises, however, not on the website.

13) Information Technology Disaster Recovery/Business Continuity

A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

See response below item c)

- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

See response below item c)

- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

The accounting software is accessible only one computer, two users - one is the bookkeeper and the other is the outside accountant; encrypted backups are done daily - on & offsite (cloud-based). Antivirus software is updated daily w/ firewalls.

B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Only two persons have access and one of them resigned, last year. That person's login credentials have been disabled/removed.

14) Prevention of Sexual Harassment

26. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

The agency head provided this information to verify the applicable training.

27. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

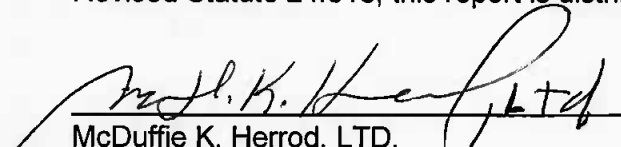
The agency does this policy on its web site and has it posted in plain sight.

28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
- i. Number and percentage of public servants in the agency who have completed the training requirements;
100%, including the director and the board members.
 - ii. Number of sexual harassment complaints received by the agency;
N/A, none received
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
N/A, none.
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
Not applicable.
 - v. Amount of time it took to resolve each complaint.
Not applicable.

We were engaged by **Audubon Regional Library** to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of **Audubon Regional Library** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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



McDuffie K. Herrod, LTD.
Clinton, Louisiana

June 23, 2023