

WEST BATON ROUGE PARISH LIBRARY

PORT ALLEN, LOUISIANA

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2018

**WEST BATON ROUGE PARISH LIBRARY
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BAXLEY AND ASSOCIATES, LLC

P. O. Box 482
58225 Belleview Drive
Plaquemine, Louisiana 70764
Phone (225) 687-6630 Fax (225) 687-0365

Hugh F. Baxley, CPA/CGMA/CVA
Margaret A. Pritchard, CPA/CGMA
Matthew L. Berthelot, CPA

Staci H. Joffrion, CPA/CGMA

To the Board of Control
West Baton Rouge Parish Library
Port Allen, Louisiana

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the West Baton Rouge Parish Library (a component unit of West Baton Rouge Parish Council), as of December 31, 2018, 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.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management discussion and analysis, the budgetary comparison information, schedule of West Baton Rouge Parish Library's proportionate share of the net pension liability, and schedule of West Baton Rouge Parish Library's contributions on pages 4 through 7 and page 40 through 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the West Baton Rouge Parish Library's basic financial statements. The schedule of compensation, benefits, and other payments to agency head is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of compensation, benefits, and other payments to agency head is the responsibility of management and was derived from and relate 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the schedule of compensation, benefits, and other payments to agency head 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 also issued our report dated June 14, 2019 on our consideration of the Library's internal control over financial reporting and on our tests of its compliance with certain provisions, laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.

Baxley & Associates, LLC

Plaquemine, Louisiana
June 14, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

**West Baton Rouge Parish Library
Management's Discussion and Analysis
As of December 31, 2018**

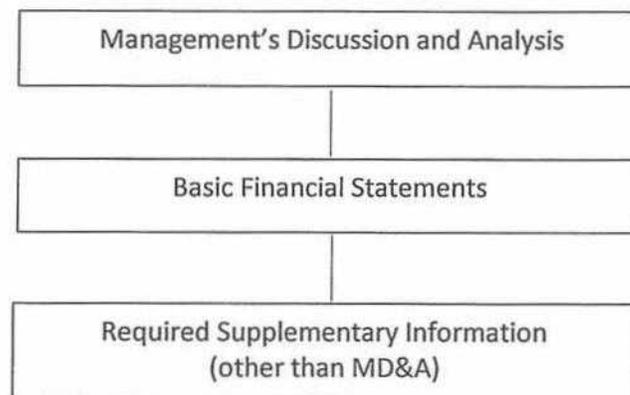
Management's Discussion and Analysis of the West Baton Rouge Parish Library's financial performance presents a narrative overview and analysis of the Library's financial activities for the year ended December 31, 2018. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the transmittal letter presented on pages 1-2 and the Library's financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

- The West Baton Rouge Parish Library's assets and deferred outflows exceeded liabilities and deferred inflows at the close of fiscal year 2018 by \$3,957,355 increasing the Library's net position by \$193,892 over 2017.
- The West Baton Rouge Parish Library's ad valorem revenue decreased from \$1,607,176 in 2017 to \$1,591,450 a difference of \$6726.

OVERVIEW OF FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.



These financial statements consist of three sections – Management's Discussion and Analysis (this section), the Basic Financial Statements (including the notes to the financial statements), and Required Supplementary Information.

Basic Financial Statements

The basic financial statements present information for the West Baton Rouge Parish Library as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Position; the Statement of Activities, Balance Sheet, and the Statement of Revenues, Expenses, and Changes in Fund Balance.

The Statement of Net Position (page 9) presents assets, deferred outflows of resources, liabilities, and deferred inflows of resources separately. The difference between assets plus deferred outflows and liabilities plus deferred inflows in net position, which may provide a useful indicator of whether the financial position of the West Baton Rouge Parish Library is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Fund Balance (page 12) presents information showing how West Baton Rouge Parish Library's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Position As of December 31, 2018		
	2018	2017
Current and other assets	\$4,588,554	\$5,546,015
Capital Assets & non current	1,978,236	\$568,771
Total Assets	\$6,566,790	\$6,114,786
Total deferred outflow of resources	\$166,446	\$288,667
Other Liabilities	\$693,741	\$842,698
Long-term debt outstanding	---	---
Total Liabilities	\$693,741	\$842,698
Total deferred inflow of resources	\$2,082,140	\$1,735,821
Net position:		
Net investment in capital assets	\$681,994	\$568,771
Restricted	\$1,224,344	\$1,203,481
Unrestricted	\$2,051,017	\$2,052,682
Total net position	\$3,957,355	\$3,824,934
Change in Net Position:	+ \$193,892	

Restricted assets stand for those assets that are not available for spending as a result of legislative requirements, donor agreements, or grant requirements. Conversely, unrestricted assets are those that do not have any limitations on how these amounts may be spent.

Assets of West Baton Rouge Parish Library increased by \$329,783 from January 1, 2018 to December 31, 2018.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year ended December 31, 2018, the West Baton Rouge Parish Library had \$4,400,604 invested in a broad range of capital assets, including Land, Building Improvements, Vehicles, Furniture and Equipment, and Library Collection (see Table). This amount represents a net increase (including additions and deductions) of \$272,410.

This year’s major additions included:

- \$154,310 in Building Improvements
- \$15,389 in Furniture and Equipment
- \$102,711 in Library Collection.

	2018	2017
Land	\$ 175,000	\$ 175,000
Buildings and Improvements	268,223	113,913
Vehicles	157,050	157,050
Furniture and Equipment	685,550	670,161
Library Collection	3,114,781	3,012,070
Totals	\$4,400,604	\$4,128,194
Less Accumulated Depreciation	(3,718,610)	(3,559,423)
Net Capital Assets	681,994	568,771

The West Baton Rouge Parish Library has no outstanding bonds or notes at year-end 2017, and had no outstanding bonds or notes at year-end 2018.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

The original budget was not amended; at year’s end, ad valorem revenue was \$1,591,450, above the amount budgeted. Total revenues were \$1,758,759. Expenses totaled \$1,671,378, below the amount budgeted.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The West Baton Rouge Parish Library’s Board and administration considered the following factors and indicators when setting next year’s budget, rates, and fees:

- The amount of ad valorem projected for Library revenue is provided by the Parish Assessor and accountant which accounts for most of the funding for the budget year.
- Personnel costs are projected, both salaries and benefits.
- Library materials, technology, and services are evaluated and the costs for adding/discontinuing/adjusting any services are considered.

- Based on the current year's operating expenditures and trending costs, expenses are then projected for the next year's budget.

The West Baton Rouge Parish Library expects that next year's results will be impacted based on the following:

- The Library continues to conservatively manage the funding received while striving to provide excellent services for the public's investment in the Library.
- Budget cuts at the State level impact at the local level. Costs of some databases may be assumed by local libraries to provide those resources for the public.
- Healthcare costs rose significantly, a 25% increase had an impact on personnel costs to the Library.
- The hiring of an Assistant Director adds to the overall increase in personnel costs.
- The Library has the old roof replaced in 2018, significant cost.

CONTACTING THE WEST BATON ROUGE PARISH LIBRARY'S MANAGEMENT

The purpose of the annual financial report is to give West Baton Rouge Parish citizens a general overview of the West Baton Rouge Parish Library's finances; to prove the Library's accountability for the funding it receives from taxpayers. Questions about this report or for more financial information, contact the Library Director at the West Baton Rouge Parish Library, Ph 225-342-7920.

BASIC FINANCIAL STATEMENTS

EXHIBIT A

**WEST BATON ROUGE PARISH LIBRARY
STATEMENT OF NET POSITION
DECEMBER 31, 2018**

	Governmental Activities
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 2,882,034
Taxes receivable	1,639,232
Due from other governmental units	33,655
Other receivables	15,000
Prepaid expenses	18,633
Total Current Assets	4,588,554
Non-current Assets:	
Restricted cash	182,863
Restricted investments	1,041,481
Capital assets, net of accumulated depreciation	681,994
Net pension asset	71,898
Total Non-current Assets	1,978,236
TOTAL ASSETS	\$ 6,566,790
DEFERRED OUTFLOW OF RESOURCES	
Pension related	\$ 166,446
LIABILITIES	
Current Liabilities:	
Accounts payable	3,186
Compensated absences	21,169
Due to other government unit	58,401
Total Current Liabilities	82,756
Non-current Liabilities:	
Other post employment benefits	610,985
Total Non-current Liabilities	610,985
TOTAL LIABILITIES	693,741
DEFERRED INFLOWS	
Pension related	217,223
OPEB	59,809
Deferred Ad Valorem taxes	1,754,625
Deferred State Revenue Sharing	50,483
TOTAL DEFERRED INFLOWS	2,082,140
NET POSITION	
Net invested in capital assets	681,994
Restricted for Memorial fund	1,224,344
Unrestricted	2,051,017
TOTAL NET POSITION	\$ 3,957,355

The accompanying notes are an integral part of this statement.

WEST BATON ROUGE PARISH LIBRARY
STATEMENT OF ACTIVITIES
DECEMBER 31, 2018

	<u>Program Revenues</u>			<u>Net (Expenses) Revenues Activities</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities:				
Culture and Recreation				
Support Services				
Library	\$ 1,572,068	\$ -	\$ 15,534	\$ (1,556,534)
Total Governmental Activities	<u>1,572,068</u>	<u>-</u>	<u>15,534</u>	<u>(1,556,534)</u>

General Revenues:

Ad valorem taxes	1,591,450
State revenue sharing	50,483
Investment earnings	85,818
Other general revenues	<u>22,675</u>

Total General Revenues 1,750,426

Change in Net Position 193,892

Net Position at the Beginning of Year 3,824,934

Restatement of Beginning Net Position (61,471)

Net Position at the Beginning of Year, Restated 3,763,463

Net Position at End of Year \$ 3,957,355

The accompanying notes are an integral part of this statement.

**WEST BATON ROUGE PARISH LIBRARY
BALANCE SHEET
GOVERNMENTAL FUND - GENERAL FUND
DECEMBER 31, 2018**

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 2,882,034
Prepaid expenses	18,633
Receivables:	
Taxes receivable	1,639,232
Due from other governmental units	33,655
Other receivables	15,000
Restricted cash	182,863
Restricted investments	1,041,481
TOTAL ASSETS	<u>\$ 5,812,898</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	
Liabilities:	
Accounts payable	3,186
Compensated absences payable	21,169
Due to other government unit	58,401
Total Liabilities	<u>82,756</u>
Deferred Inflows	
Deferred Ad Valorem taxes	1,754,625
Deferred state revenue sharing	50,483
Total Deferred Inflows	<u>1,805,108</u>
Fund Balance:	
Nonspendable - prepaids	18,633
Restricted	1,224,344
Unassigned	2,682,057
Total Fund Balances - Governmental Fund	<u>3,925,034</u>
Reconciliation of fund balance to net position:	
Amounts reported for governmental activities in the statement of net position are different because:	
Deferred outflow	166,446
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.	681,994
Other post-employment benefit obligations are not due and payable in the current period, and therefore, are not reported in these funds.	
Net pension asset	71,898
Other post-employment benefits	(610,985)
Deferred inflow- OPEB	(59,809)
Deferred inflow - pension related	(217,223)
Net position of governmental activities	<u>\$ 3,957,355</u>

The accompanying notes are an integral part of this statement.

**WEST BATON ROUGE PARISH LIBRARY
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

REVENUES

Ad valorem taxes	\$ 1,591,450
Intergovernmental revenues:	
State revenue sharing (net)	50,483
State and local grants	15,534
Interest income	85,818
Miscellaneous	15,474
TOTAL REVENUES	<u><u>1,758,759</u></u>

EXPENDITURES

General government:	
Personnel services and related benefits	1,009,256
Operating services	270,941
Materials and supplies	27,742
Travel	17,234
Other charges	15,394
Intergovernmental	58,401
Capital outlay	272,410
TOTAL EXPENDITURES	<u><u>1,671,378</u></u>

EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	87,381
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FUND BALANCE AT BEGINNING OF YEAR	<u><u>3,837,653</u></u>
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FUND BALANCE AT END OF YEAR	<u><u>\$ 3,925,034</u></u>
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The accompanying notes are an integral part of this statement.

**WEST BATON ROUGE PARISH LIBRARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The West Baton Rouge Parish Library (the Library) was created by the West Baton Rouge Parish Council, as provided by Louisiana Revised Statute 25:211. The Library is governed by the West Baton Rouge Parish Council's governing body.

The function and objective of the Library is to provide the citizens of the parish and the adjoining parishes, through reciprocal agreements, access to library books, materials, magazines, records, videos, and other services for education, information, and recreation.

The responsibility of the Library is vested in the Board of Control by the West Baton Rouge Parish Council. The Board of Control consists of eight members. Pursuant to the Library Law of Louisiana (Act 36 of 1926), no per diem shall be paid to board members for attendance at board meetings.

The Library is located in the city of Port Allen, adjacent to the Parish Court House and Parish Council.

The latest estimated census information estimates the West Baton Rouge Parish population to be 25,085. The Library's 82,720 circulation serves approximately 100,000 people annually with over 15,980 registrations. The Library employs approximately 13 full time and 6 part-time and 2 student workers.

The accompanying basic financial statement of the Library have been prepared in conformity with generally accepted accounting principles (GAAP) generally accepted in the United States of America as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

The accounting and reporting policies of the Library conform to generally accepted accounting principles as applicable to governments.

The following is a summary of the certain significant accounting policies:

Financial Reporting Entity

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Library is considered a component unit of West Baton Rouge Parish Council. The Library does not possess all of the corporate powers necessary to make it a legally separate entity from the West Baton Rouge Parish council, which holds the Library's corporate powers. For this reason, the Library is a component unit of the West Baton Rouge Parish Council, the financial reporting entity.

**WEST BATON ROUGE PARISH LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

As a component unit, the accompanying financial statements are included within the reporting of the primary government, either blended into those financial statements or separately reported as discrete component units.

The accompanying financial statements present information only on the funds maintained by the Library and do not present information on the council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

Basis of Presentation

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Library as a whole. These statements include all the financial activities of the Library. The Library has no business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each of the functions of the Library's governmental activities. Direct expenses are those that are specifically associated with a program or function, and therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of services offered by the Library, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The accounts of the Library are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The general fund of the Library is classified as governmental. The emphasis on fund financial statements is on major governmental funds. A fund is considered major if it is the primary operating fund of the Library or meets the following criteria:

- 1) Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least ten percent of the corresponding total for all funds of that category or type; and
- 2) Total assets, liabilities, revenues, or expenditure/expenses of the individual governmental or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.

**WEST BATON ROUGE PARISH LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Funds

General Fund

The General Fund, as provided by Louisiana Revised Statute 13:621.18 and 13:996.58, is the Library's primary operating fund and it accounts for all financial resources of the Library, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to the Library's policy. This fund is considered to be a major fund.

Basis of Accounting/Measurement Focus

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus –

In the government-wide statement of net position and the statement of activities, governmental activities are presented using the economic resources management. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or costs recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported.

In the fund financial statements, the current financial resources measurement focus is used. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting –

In the government-wide statement of net position and statement of activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange takes place. 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."

**WEST BATON ROUGE PARISH LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within 60 days of the end of the fiscal year. Court costs and fees, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Substantially all other revenues are recorded when received.

Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when the obligations are expected to be liquidated with expendable available financial resources.

Budget and Budgetary Accounting

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

- 1) The budgetary calendar – The Library's management prepares the budget in the third quarter of each year and submits it to the Board of Control for adoption. Once adopted by the Board of Control, the budget is sent to the West Baton Rouge Parish Council who then conducts a public hearing on the budget which must be adopted by December 15. At year end, a public notice affording the public the opportunity to participate in the budget process is published in the December issue of the West Side Journal, the official journal of the parish.
- 2) All budgetary appropriations (unexpected budget balances) lapse at the end of each fiscal year.
- 3) There are no outstanding encumbrances.
- 4) The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts included in the accompanying financial statements are as originally adopted or as finally amended by the Library. Such amendments were not material in relation to the original appropriations.
- 5) The Board of Control will, from time to time, make changes or amendments within the various budget classifications.

Receivables and Payables

Receivables consist of all revenues earned at year end and not yet received. Payables consist of all expenses/expenditures incurred at year end and not yet paid.

**WEST BATON ROUGE PARISH LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Interest-Bearing Deposits

Cash and interest-bearing deposits are stated at cost, which approximates market. Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Library's investment policy allow the entity to invest in collateralized certificates of deposits, government-backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities.

Investments

Under State law, the Library may invest in United States bonds, treasury notes or certificates, time certificates of deposit of State banks having their principal office in the State of Louisiana, or any other federally insured investment. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and For External Investment Pools," investments meeting the criteria specified in the Statements are stated at fair value. Investments that do not meet the requirements are stated at cost. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool (LAMP), a non-profit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

Capital Assets

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated cost if historical cost is not available. Contributed assets are recorded as capital assets at their estimated fair market value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Building Improvements	5-10 years
Furniture and Fixtures	5-10 years
Vehicles	5-10 years
Library Collection	5 years

**WEST BATON ROUGE PARISH LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if *both* of the following conditions are met:

- 1) The employees' rights to receive compensation are attributable to services already rendered.
- 2) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

The current portion of the liability for compensated absences is reported in the fund financial statements. The current portion is the amount left unpaid at the end of the reporting period that normally would be liquidated with expendable available financial resources. The remainder of the liability is adjusted into the entity-wide column of Statements of Net Position and Activities.

Equity Classifications

In the government-wide statements, equity is classified as net position and displayed in three components:

- 1) Net invested in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- 2) Restricted net position – Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or law through constitutional provisions or enabling legislation.
- 3) Unrestricted net position – All other net position that does not meet the definition of "restricted" or "net invested in capital assets."

In the fund statements, governmental fund equity is classified as fund balance as is classified in these components:

- 1) Non-spendable – Included amounts that cannot be spent because they are either not spendable in form or legally or contractually required to be maintained intact. All amounts reported as non-spendable at December 31, 2018 by the Library are non-spendable in form. The Library has not reported any amounts that are legally or contractually required to be maintained intact.

**WEST BATON ROUGE PARISH LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 2) Restricted – Includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provisions or enabling legislation.
- 3) Committed – Includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to directive of the Library who has the highest level of decision-making authority. Commitments may be modified or rescinded only through actions of the Library.
- 4) Assigned – Includes amounts that the Library intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. The Library may assign amounts to this classification.
- 5) Unassigned – Includes amount that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the General Fund. The Library reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned.

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

Prepaid Items

Insurance payments made to insurance agencies that will benefit periods beyond December 31, 2018 are recorded as prepaid items.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to future periods and so will not be recognized as revenue until then. The governmental funds report unavailable revenue from property taxes and state revenue sharing. These amounts are deferred and recognized as an inflow of resources in the period that amounts become available.

**WEST BATON ROUGE PARISH LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles of the United States of America required management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Pension Plans

The West Baton Rouge Parish Library is a participating employer in a cost-sharing, multiple defined benefit pension plan as described in Note J. For purposes of measuring the pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of each of the plans, and additions to /deductions from the plan's net fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments have been reported at fair value within the plan.

NOTE B – LEVIED TAXES

The following is a summary of authorized and levied property taxes:

	Authorized Millage	Levied Millage	Expiration Date
Parishwide taxes:			
Library	4.10	4.10	2018

The gross assessed value for the tax year 2018, on the certified roll was \$475,467,180. After applying homestead exemptions and other reductions of \$47,509,960, the net assessed value upon which the Library's property tax was computed was \$427,957,220.

Property taxes are considered delinquent if not paid by December 31. Most of the property taxes are collected during the months of December, January, and February. The West Baton Rouge Parish Sheriff acts as the collecting agent for the Parish's property taxes. The Sheriff will have a "tax sale" each year to collect as much of the taxes due as possible. The tax sale date for West Baton Rouge Parish for the 2018 tax assessment will be in May 2019, and the lien date was December 31, 2018.

Property taxes are recorded as receivable and deferred inflows at the time the tax levy is billed (November of each year). As the Sheriff collects the taxes, he forwards them to the Library where they are recorded as revenues in accordance with the modified accrual basis of accounting.

**WEST BATON ROUGE PARISH LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE B – LEVIED TAXES (CONTINUED)

The following are the principal taxpayers and related ad valorem tax revenue for the Library:

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
The Dow Chemical Co.	Chemical	73,244,640	15.40%
ExxonMobil Production Co.	Oil Storage	37,815,460	8.00%
Placid Refining Company	Refinery	15,551,870	3.30%
Total		<u>126,611,970</u>	<u>26.70%</u>

NOTE C – CASH AND CASH EQUIVALENTS AND INVESTMENTS

Under state law, the Library may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Library may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2018, the Library had cash and interest-bearing deposits (book balances) totaling \$4,106,378 as follows:

Demand deposits	\$ 51,649
Money market	11,588
Certificates of deposit	1,041,481
LAMP	
Unrestricted	2,818,597
Restricted	182,863
Petty cash	200
Total	<u>\$ 4,106,378</u>

Custodial Credit Risk Relating to Deposits

Custodial credit risk is the risk that, in the event of bank failure, the Library deposits might not be recovered. The Library does not have a policy for custodial credit risk, however, under state law, these deposits, (or resulting bank balances) must be secured by federal deposit insurance or pledge of securities owned by the fiscal agent bank.

The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

As of December 31, 2018, \$1,148,420 of the Library's bank balances were secured through the Federal Deposit Insurance Corporation or other government-backed securities.

**WEST BATON ROUGE PARISH LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE C – CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

The Library can invest in direct debt securities of the United States unless such an investment is expressly prohibited by law. The Library's investments are categorized to give an indication of the level or risk assumed by it at year end. Category 1 includes investments that are insured or registered for which the securities are held by the Library or its agent in the Library's name. Category 2 includes uninsured and unregistered investments with securities held by the counterparty's trust department or agent in the Library's name. Category 3 includes uninsured and unregistered investments with securities held by the counterparty, or by its trust department or agent, but not in the Library's name.

Restricted Cash and Investments of the West Baton Rouge Parish Library consists of LAMP (\$182,863) and certificates of deposit (\$1,041,481). These securities are stated at their fair value as required by GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*. The Library used quoted market values to determine fair value of the investments.

Internal Rate Risk – The West Baton Rouge Parish Library has no formal investment policy, but has adopted the state investment policy at LA RS 49:327. The Library invests in investments with maturities limited to five-year as means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk – Deposits – In the case of deposits, this is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. The Library invests in certificates of deposits that are backed by FDIC and pledged securities, and United States government securities. The Library has adopted the state investment policy at LA 49:327 and does not have any other policy that would further limit the investment choices. As of December 31, 2018, 100% of the Library's investment balances were exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's name.

Concentration of Credit Risk – The Library has no limits on the amount they may invest in any one issuer.

At December 31, 2018, the Library held certificates of deposit (Category 1), with an original maturity greater than 90 days, totaling \$1,041,481. These investments are stated on the balance sheet at market value and are as follows:

<u>Descriptions</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Maturity Date</u>	<u>Interest Rate</u>
Certificates of Deposit	\$ 260,188	\$ 260,188	4/23/2020	1.23%
Certificates of Deposit	\$ 259,417	\$ 259,417	4/25/2019	1.38%
Certificates of Deposit	\$ 259,312	\$ 259,312	5/7/2020	1.60%
Certificates of Deposit	\$ 262,564	\$ 262,564	4/22/2021	1.83%
Total	<u>\$ 1,041,481</u>	<u>\$ 1,041,481</u>		

**WEST BATON ROUGE PARISH LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE C – CASH AND CASH EQUIVALENTS (CONTINUED)

At December 31, 2018, the Library had \$3,001,460 deposited at LAMP. Of this amount \$182,863 was restricted and \$2,818,597 was unrestricted.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA. R.S. 33:2955.

GASB Statement No. 40 Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, concentration of credit risk, interest risk, and foreign currency risk for all public entity investments.

LAMP is a 2a7-like pool. The following facts are relevant for 2a7-like investment pools:

Credit risk: LAMP is rate AAAM by Standard & Poor's.

Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.

Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments is (number-days) (from LAMP's monthly Statement of Net Position) as of 12/31/18.

Foreign currency risk: Not applicable to 2a7-like pools.

The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

**WEST BATON ROUGE PARISH LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE D – FAIR VALUE MEASUREMENTS

The following table sets forth by level within fair value hierarchy the Library's assets at estimated fair value as of December 31, 2018:

	<u>Level 1</u>
Certificates of deposit	\$1,041,481
LAMP	<u>3,001,460</u>
Total	<u>\$4,042,941</u>

The Library did not have level 2 or level 3 assets at December 31, 2018.

NOTE E – RECEIVABLES

Receivables are written-off under the direct write-off method whereby bad debts are recorded when a receivable is deemed uncollectible. If they are subsequently collected, they are recorded as miscellaneous income. The direct charge off method is not a material departure from GAAP as it approximates the valuation method. At December 31, 2018, the receivables from ad valorem taxes, state revenue sharing, and other totaled \$1,687,887.

NOTE F – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018 was as follows:

	<u>Balance</u> <u>1/1/2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2018</u>
Governmental Activities:				
Land	\$ 175,000	\$ -	\$ -	\$ 175,000
Building Improvements	113,913	154,310	-	268,223
Vehicles	157,050	-	-	157,050
Furniture and Equipment	670,161	15,389	-	685,550
Library Collection	<u>3,012,070</u>	<u>102,711</u>	<u>-</u>	<u>3,114,781</u>
Total Fixed Assets	4,128,194	272,410	-	4,400,604
Less: Accumulated Depreciation	<u>(3,559,423)</u>	<u>(159,187)</u>	<u>-</u>	<u>(3,718,610)</u>
Net Capital Assets	<u>\$ 568,771</u>	<u>\$ 113,223</u>	<u>\$ -</u>	<u>\$ 681,994</u>

NOTE G – DEFERRED COMPENSATION PLAN

Certain employees of the West Baton Rouge Parish Library participate in the Louisiana Public Deferred Compensation Plan adopted under the provisions of the Internal Revenue Code Section 457. Complete disclosure relating to the Plan are included in the separately issued audit report for the Plan, available from the Louisiana Legislative Auditor, Post Office Box 94397; Baton Rouge, LA 70804-9397.

**WEST BATON ROUGE PARISH LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE H – DEFERRED INFLOWS

Deferred inflows at December 31, 2018 comprises of:

Pension related	\$ 217,223
OPEB	59,809
Deferred ad valorem taxes	1,754,625
Deferred state revenue sharing	50,483
Total	<u>\$ 2,082,140</u>

NOTE I – COMPENSATED ABSENCES

The following is a summary of the transactions for the year ended December 31, 2018:

Compensated absences, 1/1/18	\$ 10,881
Additions	10,288
Deductions	-
Compensated absences, 12/31/18	<u>\$ 21,169</u>

The following is a summary of the current (due in one year or less) and long-term portions of the obligation at December 31, 2018:

Current portion	\$ 21,169
Long-term portion	-
Total	<u>\$ 21,169</u>

NOTE J – NET POSITION/FUND EQUITY

A portion of Fund Balance on the Balance Sheet has been classified as non-spendable. This represents the prepaid expenses.

A portion of Net Position on the Statement of Net Position and Fund Balance on the Balance Sheet has been classified as restricted. This represents the Judge Paul B. Landry bequest to the Library for capital projects.

The 1977 House Bill No. 199 – enacted R.S. 25.221.1, relative to the West Baton Parish Library, prohibits the West Baton Rouge Parish Library Board of Control from spending the principal of the Judge Paul B. Landry Jr. Memorial Fund but authorized the board to spend the investment earnings of the fund to provide for related matters.

**WEST BATON ROUGE PARISH LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE K – PENSION PLAN

Plan Description

Substantially all full-time employees of the West Baton Rouge Parish Library are provided with pensions through a cost-sharing, multiple-employer defined benefit plan administered by the Parochial Employees' Retirement System of Louisiana (System). The System was established and provided for by R.S. 11:1901 of the Louisiana Revised Statute. The System provided retirement benefits of taxing districts of a parish or any branch or section of a parish within the State which does not have their own retirement system and which elects to become members of the System. The System issued a stand-alone audit report on its financial statements for the year ended December 31, 2017. Access to the audit report can be found on the System's website: www.persla.org or on the Office of Louisiana Legislative Auditor's official website: www.lla.state.la.us.

Retirement Benefits:

Any member of Plan A can retire providing he/she meets one of the following criteria:

For employees hired prior to January 1, 2007:

1. Any age with thirty (30) or more years of creditable service.
2. Age 55 with twenty-five (25) years of creditable service.
3. Age 60 with a minimum of ten (10) years of creditable service.
4. Age 65 with a minimum of seven (7) years of creditable service.

For employees hired after January 1, 2007:

1. Age 55 with 30 years of service.
2. Age 62 with 10 years of service.
3. Age 67 with 7 years of service.

Generally, the monthly amount of the retirement allowance of any member of Plan A shall consist of an amount equal to 3% of the member's final average compensation multiplied by his/her years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

Survivor Benefits:

Upon the death of any member of Plan A with five (5) or more years of creditable service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children, as outlined by the statutes.

Any member of Plan A, who is eligible for normal retirement at time of death, the surviving spouse shall receive an Automatic Option 2 benefit, as outlined by the statutes.

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

**WEST BATON ROUGE PARISH LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE K – PENSION PLAN (CONTINUED)

retirement. In lieu of terminating employment and accepting a service retirement, any member of Plan A who is eligible to retire may elect to participate in the Deferred Retirement Option Plan (DROP) in which they are enrolled for three years and defer the receipt of the 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 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 DROP 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.

Disability Benefits:

For Plan A, a member shall be eligible to retire and received a disability benefit if they were hired prior to January 1, 2007, and has at least five years of creditable service or if hired after January 1, 2007, has seven 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 A shall be paid a disability benefit equal to the lesser of an amount equal to three percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or three percent multiplied by years of service assuming continued service to age 60.

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 sixty-five equal to 2% of the member's benefit paid on

**WEST BATON ROUGE PARISH LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE K – PENSION PLAN (CONTINUED)

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 or 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, 2017, actuarially determined rate was 9.35% of member's compensation for Plan A. However, the actual rate for the fiscal year ending December 31, 2017 was 12.5% for Plan A.

According to state statute, the System also received ¼ 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.

Under the Plan A, members are required by state statute to contribute 9.5% (depending on date of hire) of their annual covered salary and the West Baton Rouge Parish Library is required to contribute at an actuarially determined rate. The rate for January 1, 2018 through December 31, 2018 was 11.50% of annual covered payroll. The contribution requirements of plan members and the Library are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to changes each year based on the results of the valuation for the prior year. The West Baton Rouge Parish Library's contributions to the System under Plan A for the years ended December 31, 2018, 2017, and 2016, were \$75,294, \$74,528, and \$82,751, respectively.

Pension Liabilities/Asset, Pension Expense, and Deferred Outflows and Resources and Deferred Inflows of Resources:

At December 31, 2018, the West Baton Rouge Parish Library reported an asset of (\$71,898) for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017 and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation of that date. The West Baton Rouge Parish Library's proportion of the net pension asset was based on a projection of the Library's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2017, the Library's proportion was 0.096866%, which was a decrease of 0.010467% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the West Baton Rouge Parish Library recognized pension expense of \$88,924 less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, (\$162).

**WEST BATON ROUGE PARISH LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE K – PENSION PLAN (CONTINUED)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (46,542)
Changes of assumptions	90,747	-
Net difference between projected and actual earnings on pension plan investments	-	(166,106)
Changes in proportion and differences between Employer contributions and proportionate share of contributions	405	(4,575)
Employer contributions subsequent to the measurement date	<u>75,294</u>	<u>-</u>
Total	<u>\$ 166,446</u>	<u>\$ (217,223)</u>

The Library reported a total of \$75,294 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of December 31, 2017, which will be recognized as a reduction in net pension liability for the year ended December 31, 2019.

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

<u>Year</u>	
2019	\$ 9,121
2020	(12,287)
2021	(57,070)
2022	<u>(65,835)</u>
	<u>\$ (126,071)</u>

**WEST BATON ROUGE PARISH LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE K – PENSION PLAN (CONTINUED)

Actuarial Assumptions:

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

Expected Remaining Service Lives	4 years
Investment Rate of Return	6.75%, net of investment expense, including inflation
Projected Salary Increases	5.25% (2.75% Merit/2.50% Inflation)
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being 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.
Mortality	RP-2000 Employee Sex Distinct Table was selected for employees. RP-2000 Healthy Annuitant Sex Distinct Tables were selected for annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.
Inflation Rate	2.50%

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the capital asset 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 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.62% for the year ended December 31, 2017.

**WEST BATON ROUGE PARISH LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE K – PENSION PLAN (CONTINUED)

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

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Fixed Income	35%	1.24%
Equity	52%	3.57%
Alternatives	11%	0.69%
Real Assets	2%	0.12%
Totals	100%	5.62%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.62%

Mortality Rate:

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2010 through December 31, 2014. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. The RP-2000 Healthy Annuitant Mortality Sex Distinct Tables (set forward two years for males and set forward one year for females) projected to 2031 using Scale AA was selected for annuitants and beneficiaries. For disabled annuitants, the RP-2000 Disabled Lives Mortality Table set back 5 years for males and 3 years for females was selected. For active employees, the RP-2000 Employee Sex Distinct Tables set back 4 years for males and 3 years for females was used.

Discount Rate:

The discount rate used to measure the total pension liability was 6.75% for Plan A. 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.

**WEST BATON ROUGE PARISH LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE K – PENSION PLAN (CONTINUED)

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability/Asset to Changes in the Discount Rate:

The following table represents the West Baton Rouge Parish Library's proportionate share of the net pension liability (NPL) using the discount rate as well as the West Baton Rouge Parish Library's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage higher than the current rate:

	1.0% Decrease 5.75%	Current Discount Rate 6.75%	1.0% Increase 7.75%
Net Pension Liability/Asset	\$ 354,485	\$ (71,898)	\$ (451,565)

Payables to the Pension Plans:

At December 31, 2018, payables to the Parochial Employees' Retirement System were \$0 for December, 2018 employee and employer legally-required contributions.

NOTE L – OTHER POSTEMPLOYMENT BENEFITS

General Information about the OPEB Plan

Plan Description:

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

Benefits Provided:

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

Life insurance coverage is provided to retirees and 100% of the blended rate (active and retired) is paid by the employer. The amount of insurance coverage while active is continued after retirement, but insurance coverage amounts are reduced to 33% of the original amount at age 65, then to 6% of the original amount at age 70 or at retirement.

**WEST BATON ROUGE PARISH LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE L – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Employees Covered by Benefit Terms:

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

Inactive employees or beneficiaries currently receiving benefit payments	6
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	13
Total	<u>19</u>

Total OPEB Liability

The Library's total OPEB liability of \$610,985 was measured as of December 31, 2018 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs:

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.5%
Salary increases	3.0%, including inflation
Discount rate	3.44% annually (Beginning of Year to Determine ADC)
	4.10% annually (as of End of Year Measurement Date)
Healthcare cost trend rates	Flat 5.5% annually

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

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

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

Changes in the Total OPEB Liability

Balance at December 31, 2017	\$ 670,349
Changes for the year:	
Service cost	15,929
Interest cost	23,334
Changes of assumptions	(53,467)
Differences between expected and actual experience	(10,614)
Benefit payments and net transfers	<u>(34,546)</u>
Net Changes	<u>(59,364)</u>
Balance at December 31, 2018	<u>\$ 610,985</u>

**WEST BATON ROUGE PARISH LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE L – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the total OPEB liability to changes in the discount rate:

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

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
	<u>3.10%</u>	<u>4.10%</u>	<u>5.10%</u>
Total OPEB Liability	<u>\$ 695,673</u>	<u>\$ 610,985</u>	<u>\$ 541,880</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates:

The following presents the total OPEB liability of the Library, as well as what the Library's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.5%) or 1-percentage-point higher (6.5%) than the current healthcare trend rates:

	<u>1.0% Decrease</u>	<u>Curent Healthcare Cost Trend Rate</u>	<u>1.0% Increase</u>
	<u>4.5%</u>	<u>5.5%</u>	<u>6.5%</u>
Total OPEB Liability	<u>\$ 546,426</u>	<u>\$ 610,985</u>	<u>\$ 691,116</u>

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

For the year ended December 31, 2018, the Library recognized OPEB expense of \$34,991. At December 31, 2018, the Library reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (9,906)
Changes in assumptions	-	(49,903)
Total	<u>\$ -</u>	<u>\$ (59,809)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30:</u>	
2019	\$ (4,272)
2020	(4,272)
2021	(4,272)
2022	(4,272)
2023	(4,272)
Thereafter	(38,449)

**WEST BATON ROUGE PARISH LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE M – ON-BEHALF PAYMENTS

Because the Library is one of several governmental agencies receiving proceeds from a property tax assessment, state law (R.S. 11:82) required the Library to bear a pro-rata share of the pension expense relating to state and statewide public retirement systems. The Library's pro-rata share of the required contribution was \$58,401 that was withheld by the West Baton Rouge Parish Sheriff from property tax collections to satisfy the Library's obligation. The Sheriff withholds the entire amount of this obligation in January each year even though some of the property taxes may never be collected.

The \$58,401 withheld by the Sheriff has been included as part of "intergovernmental" expenditures of the General Fund in these financial statements. Further described in Note B, the Library has increased its property tax revenue by the same amount of this intergovernmental expenditure.

NOTE N – LITIGATION AND CLAIMS

As of December 31, 2018, there was no litigation pending against the Library, nor was the Library aware of any unasserted claims. The Library's management believes that any potential lawsuits would be covered by insurance or resolved without any material impact upon the Library's financial statements. No claims were paid out or litigation costs incurred during the year ended December 31, 2018.

NOTE O – RISK MANAGEMENT

The Library is exposed to various risk of loss related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Library has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. There have been no significant reductions in coverage for the prior year. No settlements were made during the year that exceeded the Library's coverage.

NOTE P – COMPENSATION PAID TO THE BOARD

There was no compensation paid to the Board of Control during the fiscal year ended December 31, 2018.

**WEST BATON ROUGE PARISH LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE Q – CURRENT YEAR ADOPTION OF NEW ACCOUNTING STANDARDS AND RESTATEMENT OF NET POSITION

Effective for the year ended June 30, 2018, the West Baton Rouge Parish Library implemented GASB Statement No. 75, "Accounting and Financial Reporting by Employers for Post-employment Benefits other than Pensions." Implementation of the new accounting standard required restatement of beginning net position for the net Other Post-Employment Benefits (OPEB) liability. The restatement had the following impact on previously reported balances:

Statement of Activities	Governmental Activities
Net Position, December 31, 2017, as previously stated	\$ 3,824,934
Restatement for implementation of GASB Statement No. 75	(61,471)
Net Position, December 31, 2017, as restated	\$ 3,763,463

NOTE R – SUBSEQUENT EVENTS

These financial statements considered subsequent events through June 14, 2019 the date the financial statements were available to be issued and determined that there were no events that require disclosure. No events occurring after this date have been evaluated for inclusion in these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**WEST BATON ROUGE PARISH LIBRARY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUE				
Ad valorem taxes	\$ 1,558,000	\$ 1,603,658	\$ 1,591,450	\$ (12,208)
State revenue sharing	44,000	48,802	50,483	1,681
State grants	16,000	16,000	15,000	(1,000)
Local grants	-	-	534	534
Investment earnings	13,000	58,229	85,818	27,589
Other Revenues	15,600	16,900	15,474	(1,426)
TOTAL REVENUES	<u>1,646,600</u>	<u>1,743,589</u>	<u>1,758,759</u>	<u>15,170</u>
EXPENDITURES				
Current				
General Government:				
Personnel services and related benefits	1,101,627	1,025,428	1,009,256	16,172
Operating services	316,784	305,364	270,941	34,423
Intergovernmental	62,000	55,529	58,401	(2,872)
Materials and supplies	41,500	37,000	27,742	9,258
Travel	15,000	16,400	17,234	(834)
Other charges	-	-	15,394	(15,394)
Capital outlay	1,287,000	308,847	272,410	36,437
TOTAL EXPENDITURES	<u>2,823,911</u>	<u>1,748,568</u>	<u>1,671,378</u>	<u>77,190</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(1,177,311)	(4,979)	87,381	92,360
FUND BALANCE, BEGINNING OF YEAR	<u>3,837,653</u>	<u>3,837,653</u>	<u>3,837,653</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,660,342</u>	<u>\$ 3,832,674</u>	<u>\$ 3,925,034</u>	<u>\$ 92,360</u>

**WEST BATON ROUGE PARISH LIBRARY
PORT ALLEN, LOUISIANA
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Total OPEB Liability	
Service cost	15,929
Interest	23,334
Changes of benefit terms	-
Differences between expected and actual experience	(10,614)
Changes of assumptions	(53,467)
Benefit payments	(34,546)
Net change in total OPEB liability	<u>(59,364)</u>
Total OPEB liability - beginning	<u>670,349</u>
Total OPEB liability - ending	<u>\$ 610,985</u>
Covered-employee payroll	\$ 693,659
Net OPEB liability as a percentage covered-employee payroll	88.08%

Notes to Schedule:

Benefit Changes. There were no changes of benefit terms for the year ended December 31, 2018.

Changes of Assumptions. The discount rate as of 12/31/2017 was 3.44% and it changed to 4.10% as of 12/31/2018.

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

WEST BATON ROUGE PARISH LIBRARY
 PORT ALLEN, LOUISIANA
 SCHEDULE OF WEST BATON ROUGE PARISH LIBRARY'S PROPORTIONATE
 SHARE OF THE NET PENSION LIABILITY
 FOR THE YEAR ENDED DECEMBER 31, 2018

Year Ended December 31,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2018	0.096866%	\$ (71,898)	\$ 653,793	-10.9971%	101.98%
2017	0.107333%	\$ 221,054	\$ 635,418	34.7888%	94.15%
2016	0.112816%	\$ 296,964	\$ 636,544	46.6525%	92.23%
2015	0.108136%	\$ 29,565	\$ 646,843	4.5707%	99.15%

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

**WEST BATON ROUGE PARISH LIBRARY
PORT ALLEN, LOUISIANA
SCHEDULE OF WEST BATON ROUGE PARISH LIBRARY'S CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Year Ended December 31,	Contractually Required Contribution	Contributions in Relation to Contractual Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2018	\$ 75,294	\$ 75,294	\$ -	\$ 653,793	11.5165%
2017	\$ 74,528	\$ 74,528	\$ -	\$ 635,418	11.7290%
2016	\$ 82,751	\$ 82,751	\$ -	\$ 636,544	13.0000%
2015	\$ 93,725	\$ 93,725	\$ -	\$ 646,843	14.4896%

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

OTHER SUPPLEMENTARY INFORMATION

**WEST BATON ROUGE PARISH LIBRARY
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2018**

AGENCY HEAD NAME: Ruth Bond

PURPOSE

Salary	\$84,828
Benefits- Insurance	6,995
Benefits-Retirement	9,775
Travel	27
Professional Membership	<u>199</u>
TOTAL	<u>\$101,804</u>

REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS

BAXLEY AND ASSOCIATES, LLC

P. O. Box 482
58225 Belleview Drive
Plaquemine, Louisiana 70764
Phone (225) 687-6630 Fax (225) 687-0365

Hugh F. Baxley, CPA/CGMA/CVA
Margaret A. Pritchard, CPA/CGMA
Matthew L. Berthelot, CPA

Staci H. Joffrion, CPA/CGMA

SCHEDULE 1

To the Board of Control
West Baton Rouge Parish Library
Port Allen, Louisiana

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

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 and the aggregate remaining fund information of West Baton Rouge Parish Library, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the West Baton Rouge Library's basic financial statements and have issued our report thereon dated June 14, 2019.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial

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

statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings as item [2018-005] to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings as items [2018-001, 2018-002, 2018-003, and 2018-004] to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Library's financial statements are free from 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 audit disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

West Baton Rouge Parish Library's Response to Findings

West Baton Rouge Parish Library's response to the findings identified in our audit is described in the accompanying schedule of findings. West Baton Rouge Parish Library's response was not subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Baxley & Associates, LLC

Plaquemine, Louisiana
June 14, 2019

**WEST BATON ROUGE PARISH LIBRARY
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the West Baton Rouge Parish Library.
2. One material weakness relating to the audit of the financial statements is reported in the Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. Four significant deficiencies relating to the audit of the financial statements are reported in the Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
4. No instances of noncompliance material to the financial statements of the West Baton Rouge Parish Library.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

2018-001 PAYROLL DISCREPANCY OF ONE EMPLOYEE

Condition:

In performing procedures, it was noted when reviewing personnel files that one employee did not receive an approved raise in 2018. The oversight resulted in the employee not receiving approximately \$5,000 in wages for 2018.

Criteria:

The Library should implement procedures to ensure that all raises are properly updated in the payroll software.

Effect:

The employee received approximately \$5,000 less in 2018 than the approved pay raise that he or she was entitled to receive during the year. The salaries were understated by the said amount.

Recommendation:

The Library should implement procedures to ensure that all raises are properly updated in the payroll software.

Management's Response:

Procedures have been implemented to ensure that all raises are properly updated in the payroll software. The employee is aware of the issue and it has been discussed.

WEST BATON ROUGE PARISH LIBRARY
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018

2018-002 STRENGTHENING INTERNAL CONTROL OVER EXPENDITURES AND CASH

Condition:

In performing procedures, we noted the following:

- We noted an instance of excessive spending for a luncheon. This was a violation of the Library's policies and procedures. All expenses should be given consideration as to whether spending is excessive.
- We noted untimely approval on some expenditures. In some instances, expenditures were not approved until months after the expenditure had already been incurred.
- We noted untimely approval of all bank reconciliations. In some instances, bank reconciliations were not approved until more than two months after the statement close date.
- We noted untimely recording of deposits into the general ledger. We noted there were instances in which the deposit was not recorded in the general ledger on the actual collection or deposit date. Some deposits were recorded in the general ledger using dates that were over ten days after the deposit was made at the institution.
- We noted sales tax included on invoices to be paid by the Library.

Criteria:

The Library should consider the guidelines outlined in the Louisiana Department of Administration's Travel Guide in regards to expenditures for meals to determine the appropriate amount of expenditures allowed based on the location and time of the day. The Library should implement procedures to strengthen internal controls over expenditures and cash to ensure there are no instances of excessive spending and that there is timely approval of all expenditures before the expenditures are actually incurred. The Library should also implement procedures to ensure timely approval of bank reconciliations and all deposits are recorded timely to present accurate cash balances that reflect current operations.

Effect:

The lack of timely approvals on expenditures and bank accounts could result in unforeseen excessive expenditures, understated or overstated bank reconciliations, or misstated interim cash balances.

Recommendation:

The Library should implement procedures to strengthen internal controls over expenditures and cash to ensure there are no instances of excessive spending by utilizing the Louisiana Department of Administration's Travel Guide. The Library should strengthen internal controls so that there is timely approval of all expenditures. The Library should also implement procedures to ensure bank reconciliations are approved timely and all deposits are recorded timely to present accurate cash balances that reflect current operations. Timely reconciliation facilitates correction of any differences that might exist.

WEST BATON ROUGE PARISH LIBRARY
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018

Management's Response:

The organization has implemented the Louisiana Department of Administration's Travel Guide. Strengthening internal controls has included additional support to approve expenditures. Management will resolve the issue and be timelier in its approval of expenditures, reconciliation of bank accounts, and timely recording of deposits to correct any differences that might exist.

2018-003 MISCLASSIFICATION OF TRANSACTIONS

Condition:

There were fifteen transactions erroneously posted into the Legal Counsel expense account.

Criteria:

Internal controls should be in place to ensure proper classification of transactions at year-end.

Effect:

The misclassification of expenses caused expense accounts to be improperly stated.

Recommendation:

The Library should implement internal controls to ensure proper posting of transactions in accordance with GAAP. Management should review the general ledger periodically for proper account classification.

Management's Response:

The issue was resolved as soon as it was discovered and is now reflecting the proper classification.

2018-004 LACK OF CONTROLS OVER FINANCIAL REPORTING IN ACCORDANCE WITH GAAP

Condition

The Library does not have the employees, nor have they engaged a third party who has the qualifications and training to apply generally accepted accounting principles (GAAP) in preparing its financial statements, including the related notes.

Criteria

Government Auditing Standards issued by the Comptroller General of the United States requires governmental units to have employees or engage a third party who has the qualifications and training to apply GAAP in recording the entity's financial transactions or preparing its financial statements, including the related notes.

WEST BATON ROUGE PARISH LIBRARY
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018

Effect

The lack of ability to generate GAAP basis financial statements on the part of the Library resulted in the auditor assisting in the preparation of the financial statements.

Recommendation

The Library should evaluate the cost versus benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP to determine if it is in the best interest of the government to outsource this task and then carefully review the draft financial statements and related footnotes prior to approving them and accepting responsibility for their contents and presentation.

Management's Response

The organization engaged a CPA to assist in the preparation of financial statements. A review of the qualifications of the CPA will be done.

2018-005 OVERSTATEMENT OF COMPENSATED ABSENCES

Condition:

During audit procedures, it was noted that the compensated absences account was overstated by more than \$166,000.

Criteria:

Management should implement procedures to review all adjustments along with the supporting documentation.

Effect:

Liabilities and personnel services were overstated.

Recommendation:

Management should review the interim and year-end financial statements to assure that all adjustments are accurate and complete, and that account balances appear reasonable.

Management's Response:

The CPA conducting year-end adjustments did not properly record leave under compensated absences. The CPA also did not properly record the salaries for 2018.

WEST BATON ROUGE PARISH LIBRARY
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018

2017-001 LACK OF CONTROLS OVER FINANCIAL REPORTING IN ACCORDANCE WITH GAAP

Condition:

The Library does not have the employees, nor have they engaged a third party who has the qualifications and training to apply generally accepted accounting principles (GAAP) in preparing its financial statements, including the related notes.

Recommendation:

The Library should evaluate the cost versus benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP to determine if it is in the best interest of the government to outsource this task and then carefully review the draft financial statements and related footnotes prior to approving them and accepting responsibility for their contents and presentation.

Current Status:

This condition still exists.

2017-002 TIME SHEETS

Condition:

We observed the following:

Time sheets for a sample of employees selected were not approved by a supervisor or board member.

Recommendation:

Management should implement internal controls in which the timesheets are approved prior to release of payroll checks.

Current Status

This has been corrected in the current year.

2017-003 BANK RECONCILIATIONS

Condition:

During the audit, it was noted that one bank account was not reconciled to the general ledger for eleven months out of the fiscal year.

Recommendation:

Reconciliations should be prepared monthly to confirm that transactions recorded per the books and bank agree. Timely reconciliation facilitates correction of any difference that might exist.

Current Status:

This has been corrected in the current year.

**WEST BATON ROUGE PARISH LIBRARY
INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES
FOR THE YEAR ENDED DECEMBER 31, 2018**

BAXLEY AND ASSOCIATES, LLC

P. O. Box 482
58225 Belleview Drive
Plaquemine, Louisiana 70764
Phone (225) 687-6630 Fax (225) 687-0365

Hugh F. Baxley, CPA/CGMA/CVA
Margaret A. Pritchard, CPA/CGMA
Matthew L. Berthelot, CPA

Staci H. Joffrion, CPA/CGMA

To the Board of Control
West Baton Rouge Parish Library &
Louisiana Legislative Auditors
Port Allen, Louisiana

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the West Baton Rouge Parish Library and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2018 through December 31, 2018. The West Baton Rouge Parish Library's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that 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
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff

procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Findings:

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees that procedures do not need to be performed in this category.

Board (or Finance Committee, if applicable)

- 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:
 - a) 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.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-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.*
 - c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the

negative unrestricted fund balance in the general fund.

Findings:

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees that procedures do not need to be performed in this category.

Bank Reconciliations

3. Obtain a listing of client 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 selected each account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Findings:

We received a listing of all bank accounts for the fiscal period along with management's representation that the listing was complete. Bank reconciliations on all four accounts included evidence that they were prepared within 2 months of the related statement closing date. The four bank reconciliations included evidence that a member of management reviewed the bank reconciliation; however, two out of the four bank reconciliations were reviewed and approved by management further than two months past the bank statement close date. One of the four bank accounts selected had checks outstanding greater than one year old.

Collections

4. 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).

Findings:

We received the listing of deposit sites along with management's representation that the listing was complete.

No exceptions were noted as a result of applying the procedure.

5. 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 (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, 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:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.
- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Findings:

The employees do share one cash drawer but in order to access the cash drawer for a transaction, to make a change, or to open the drawer for any reason, staff must put in their unique user ID and pin. Once a transaction is completed, the employee is automatically logged out. A report can be run at any time for all transactions separated by user.

The employee responsible for preparing/making bank deposits may collect cash, and the deposit is reviewed by another employee.

The employee responsible for posting collection entries to the ledger and reconciling cash may also collect cash. The entries and reconciliations are reviewed by another employee.

No exceptions were noted as a result of applying the procedure.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Findings:

According to management, all employees who have access to cash are covered by a Fidelity Bond.

No exceptions were noted as a result of applying the procedure.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (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). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.

- d) 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).
- e) Trace the actual deposit per the bank statement to the general ledger.

Findings:

The supporting documentation on all deposits selected agreed to the deposit slips, bank statements, and general ledger. However, it was noted that the deposits were not made within one day of collections on one account. The depository related to that account is within 10 miles from the collection location and the selected deposits were greater than \$100. There were three instances where the deposit was recorded in the ledger at a later date than when it was received at the financial institution.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

- 8. 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).

Findings:

We received the listing of locations along with management's representation that the listing was complete.

No exceptions were noted as a result of applying the procedure.

- 9. For each location selected under #8 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, 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/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.

Findings:

We reviewed documentation related to employee job duties and observed that at least two employees are involved in initiating a purchase, approving a purchase, and placing an order/making the purchase. At least two employees are involved in processing and approving payments to vendors. The employee responsible for processing payments does add/modify vendor files; however, there is another employee responsible for periodically reviewing the changes to the vendor files.

The employee responsible for signing checks returns the payment to the employee who is responsible for processing payments.

10. For each location selected under #8 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:
 - a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Findings:

We received a complete listing of nonpayroll disbursements for the fiscal year along with management's representation that the listing was complete.

All disbursements selected matched the related invoice/billing statement. The disbursement documentation included evidence that at least two employees were involved in initiating, approving, and making a purchase and that at least two employees were involved in processing and approving payments to vendors.

No exceptions were noted as a result of applying the procedure.

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

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

Findings:

We received a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period along with management's representation that the listing was complete.

No exceptions were noted as a result of applying the procedure.

12. 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 that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.

Findings:

We selected the statement with a closing date of June 10, 2018; the transactions on this statement included those executed on May 10, 2018 through June 10, 2018. All four of the statements included evidence of management review and all four statements included review/approval of someone other than the authorized cardholder. There were no finance charges and late fees assessed on the selected statements.

However, on two of the four cards selected, the majority of the receipts that accompanied the statements selected were not approved by management until the month of July or thereafter. The expenses appear to have not been approved by management before they were incurred. The other two cards were fuel cards and the receipts for these did not have evidence of management review and approval.

13. Using the monthly statements or combined statements selected under #12 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 (i.e. each card should have 10 transactions subject to testing). 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).

Findings:

On one of the cards selected, there was a meal transaction for a luncheon in Baton Rouge in which 11 people attended. The average price per person attending was \$45.30. This seems excessive and the approval of this expense was not noted until July while the expense occurred in May. The business purpose of this luncheon was not documented until August.

All other transactions selected met the criteria listed in the agreed upon procedure above.

Travel and Expense Reimbursement

14. 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, 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:
 - a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) 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 policy (procedure #1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Findings:

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees that procedures do not need to be performed in this category.

Contracts

15. 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. *Alternately, 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:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
 - d) 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.

Findings:

We were provided with a listing of all contracts there were initiated or renewed during the fiscal period along with management's representation that the listing was complete.

All contracts selected were supported with a formal/written contract and none of these contracts were amended. The contracts selected were of the nature that did not require Louisiana Public Bid Law to be followed. One of the five contracts was approved by the Board while the other four were of the nature that did not require Board approval according to their policies. We randomly selected one payment for each of the five contracts and were provided with invoice support for those payments. We observed that the payments were made in agreement with the contract terms and conditions.

No exceptions were noted as a result of applying the procedure.

Payroll and Personnel

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

Findings:

We were provided with a complete listing of employees employed during the fiscal period along with management's representation that the listing was complete.

We determined that there was one employee of the five randomly selected employees that was not paid in strict accordance with the pay rate structure listed in their personnel file. This employee was underpaid by approximately \$5,000 as a result of a clerical error in the

payroll system. The other four employees were paid in accordance with the pay rate structure listed in their personnel files.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Findings:

We were able to attendance records and leave documentation that indicated that the selected employees documented their attendance and leave as applicable for the selected pay period. Supervisors gave approval on all attendance and leave and the leave accrued/taken during the pay period was reflected in the entity's cumulative leave records.

No exceptions were noted as a result of applying the procedure.

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

Findings:

We received a statement from management that there were no employees terminated in 2018. Management provided their representation that the listing was complete.

No exceptions were noted as a result of applying the procedure.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Findings:

We received management's representation that that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

No exceptions were noted as a result of applying the procedure.

Ethics (excluding nonprofits)

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

Findings:

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees that procedures do not need to be performed in this category.

Debt Service (excluding nonprofits)

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

Findings:

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees that procedures do not need to be performed in this category.

22. 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.

Findings:

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees that procedures do not need to be performed in this category.

Other

23. 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.

Findings:

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees that procedures do not need to be performed in this category.

24. 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.

Findings:

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees that procedures do not need to be performed in this category.

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

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control of 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.

Baxley & Associates, LLC

Plaquemine, Louisiana
June 14, 2019

WEST BATON ROUGE PARISH LIBRARY

Management's Response to Statewide Agreed-Upon Procedures For the Year Ended December 31, 2018

Management's Response to Items:

3. Management acknowledges the situation and will reconcile accounts in a timely manner. Outstanding check issues have been resolved and there is now an understanding to report outstanding checks to the State Treasurer's Office.
7. The organization has reduced the amount of time it takes to conduct deposits from 27 days to being conducted on a weekly basis. The organization collects so little each day that it is impractical to deposit those funds on a daily basis.
9. There are not enough staff to separate the duties of processing payments, putting statements in envelopes, and having another employee mail out payments.
12. Management will carefully review and approve all expenses accrued on the credit card. The organization reviews and approves fuel card purchases and will have management review purchases.
13. The meal was to thank volunteers for the annual puppet show. It is not considered gratuitous; however, limits are now in place as to how much is allowed for such type of expenditures. Staff have been informed regarding meals for a business purpose.
16. The situation has been resolved.