

LIVINGSTON PARISH LIBRARY  
COMMISSION  
LIVINGSTON, LOUISIANA  
ANNUAL FINANCIAL REPORT  
DECEMBER 31, 2017

**LIVINGSTON PARISH LIBRARY COMMISSION  
TABLE OF CONTENTS  
DECEMBER 31, 2017**

	<b>PAGE</b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1-2
<b>MANAGEMENT'S DISCUSSION &amp; ANALYSIS</b>	3-9
<b>BASIC FINANCIAL STATEMENTS</b>	10
Statement of Net Position	11
Statement of Activities	12
Combined Balance Sheet – Governmental Funds	13
Statement of Revenues, Expenditures & Changes in Fund Balance – Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
<b>NOTES TO FINANCIAL STATEMENTS</b>	16-35
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	36
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) to Actual, General Fund	37
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Capital Projects Fund	38
Schedule of Livingston Parish Library Commission's Proportionate Share of the Net Pension Liability	39
Schedule of Livingston Parish Library Commission's Contributions	40
<b>OTHER SUPPLEMENTARY INFORMATION</b>	41
Schedule of Compensation Paid to Board Members	42
Schedule of Compensation, Benefits, and Other Payments to Agency Head	43
<b>OTHER REPORTS REQUIRED BY GOVERNMENT</b>	
<b>AUDITING STANDARDS</b>	44
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	45-46
Schedule of Findings and Responses	47-48
Summary Schedule of Prior Year Audit Findings	49
<b>INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED- UPON PROCEDURES</b>	50-63

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To the Board of Control  
Livingston Parish Library Commission  
Livingston Parish Council  
Livingston, Louisiana 70754

## **INDEPENDENT AUDITOR'S REPORT**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Livingston Parish Library Commission (a component unit of the Livingston Parish Council, Louisiana), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Livingston Parish Library Commission'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 Livingston Parish Library Commission, as of December 31, 2017, 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.

## INDEPENDENT AUDITOR'S REPORT (continued)

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, Schedule of Livingston Parish Library Commission's Proportionate Share of the Net Pension Liability, and the Schedule of Livingston Parish Library Commission's Contributions on pages 3-9 and pages 37-40 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 Livingston Parish Library Commission's basic financial statements. The accompanying schedules listed as Other Supplemental Information in the table of contents are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Compensation Paid to Board Members and the Schedule of Compensation, Benefits and Other Payments made to the Agency Head are the responsibility of management and were 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 April 17, 2018 on our consideration of the Commission'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  
April 17, 2018

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**LIVINGSTON PARISH LIBRARY COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017**

**General Information**

The Livingston Parish Library Commission (Library) is a public library system established in 1946 to assemble, organize, maintain, and make easily available a collection of books and other materials to provide for the recreational, informational, and educational needs of the citizens of the parish of Livingston.

The Livingston Parish Library Commission is pleased to present its Annual Financial Statements developed in compliance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments* (GASB 34), as amended. The amendment of GASB 34, including the adoption of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and applicable standards are more fully described in Footnote 1 - *Summary of Significant Accounting Policies*.

The Management's Discussion and Analysis (MD&A) for the Library, offers readers of the Library's financial statements this narrative overview and analysis of the financial activities of the Library for the fiscal year ended December 31, 2017. This MD&A is designed to provide an objective and easy to read analysis of the Library's financial activities based on currently known facts, decisions, or conditions.

The Library's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Livingston Parish Library Commission's financial activity, (c) identify changes in the Library's financial position, (d) identify any significant variations from the Library's financial plan, and (e) identify individual fund issues or concerns.

Since MD&A is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the Library's financial statements, which follow this section.

**Financial Highlights**

- At December 31, 2017, the Library's government wide assets of \$17,526,239 exceeded its liabilities by \$17,203,722 (net position). Of this amount, \$7,753,869 (unrestricted net position) may be used to meet the Library's ongoing obligations at its discretion and the balance of \$9,449,853 represents its net investment in capital assets.
- Ad Valorem taxes reflect a 10-year, 10.00 mill tax approved by the voters in 2014. The ad valorem tax expires in 2024. The millage resulted in \$5,059,303 in revenue for current year ad valorem taxes. This was an increase of \$241,131 from 2017 ad valorem tax revenue of \$4,818,172.
- Total revenue for 2017 was \$5,516,340 as compared to the 2016 total of \$5,120,738, a \$395,602 increase. This revenue includes parish ad valorem taxes, state revenue sharing, interest, grant funds, charges for photocopies and faxes, fines, donations, federal emergency post-flood recovery funding, and miscellaneous fees.
- On the fund financial statements, library expenditures for 2017 increased by \$628,643 from \$5,500,045 in 2016 to \$ 6,128,688 in 2017. This increase was primarily due to the increase in capital outlay; specifically, due to the library's construction project at the Denham Springs-Walker location.

**LIVINGSTON PARISH LIBRARY COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017**

**Overview of the Annual Financial Report**

The financial statement focus is on both the Library as a whole and on the major individual funds. Both perspectives, government-wide and major funds, allow the user to address relevant questions, broaden a basis for comparison, and enhance the Library's accountability. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The MD&A is intended to serve as an introduction to the Library's basic financial statements, which consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Library's finances in a manner similar to a private-sector business.

The **Statement of Net Position** presents information on all of the Library's assets and liabilities using the accrual basis of accounting, in a similar manner to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as net position. Over time, increases and decreases in net position and changes in the components of net position may serve as a useful indicator of whether the financial position of the Library is improving or deteriorating.

The **Statement of Activities** presents information showing how the Library's net position changed during the most recent fiscal year, focusing on both the gross and net costs of various activities, both governmental and business-type, that are supported by the Library's general tax and other revenues. This is intended to summarize and simplify the reader's analysis of the cost of various governmental services and/or subsidy to various business-type activities.

In both of the government-wide financial statements, the Library's activities are a single type:

Governmental activities - All of the Library's basic services are reported here and are financed primarily by ad valorem tax revenue.

The government-wide financial statements include only the Livingston Parish Library Commission (a component unit of the Livingston Parish Council) and can be found on pages 11 and 12.

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Library, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. The Library uses one category of funds to account for financial transactions: governmental funds. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.

Governmental funds are used to account for all of the Library's basic services. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances that are left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash.

**LIVINGSTON PARISH LIBRARY COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017**

The governmental fund statements provide a detailed short-term view of the Library's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Library's programs. The fund financial statements begin on page 13 of this report.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, there are differences in the information presented for government funds and for governmental activities in the government-wide financial statements. Review of these differences provides the reader of the financial statements insight on the long-term impact of the Library's more immediate decisions on the current use of financial resources. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The reconciliations can be found on pages 13 and 15.

**Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided within the government-wide and fund financial statements. The notes to the financial statements can be found beginning on pages 16 of this report.

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the Library's net position for the current year as compared to the prior year. For more detailed information on the current fiscal year, see the Statement of Net Position on page 11 of this report.

**Condensed Statement of Net Position  
2017 and 2016**

**Governmental Activities**

	2017	2016
<b>Assets:</b>		
Current and Other Assets	\$8,076,371	\$8,862,995
Capital Assets	9,449,853	7,843,705
Other Non-Current Assets	15	15
<b>Total Assets</b>	<b>17,526,239</b>	<b>16,706,715.00</b>
Deferred Outflows - Pension	395,049	546,564
<b>Liabilities:</b>		
Long-Term Debt Obligations	301,839	412,347
Other Liabilities	348,038	522,314
<b>Total Liabilities</b>	<b>649,877</b>	<b>934,661</b>
Deferred Inflows - Pension	67,689	61,843
<b>Net Position:</b>		
Net Investment in Capital Assets	9,449,853	7,843,705
Unrestricted	7,753,869	8,413,070
<b>Total Net Position</b>	<b>\$17,203,722</b>	<b>\$16,256,775</b>

**LIVINGSTON PARISH LIBRARY COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017**

The Library's assets at December 31, 2016, exceeded liabilities by \$17,203,722 (net position), with the Library reporting positive balances in both categories of net position. Of the total net position, \$7,753,869 is Unrestricted Net position. The balance of net position includes a total of \$9,449,853 in net investment in Capital Assets, consisting of the Library's net investment in library equipment and vehicles, books, and facilities' improvements. The Investment in Capital Assets matches the amount recorded for Capital Assets (net of depreciation) since the Library has not incurred, and applicable statutes prohibit, the Library from incurring, long-term debt.

The largest components of the "Current and Other Assets" category are investments totaling \$2,189,179, consisting of funds in certificates of deposit, and receivables consisting primarily of an ad valorem tax receivable of \$4,934,022 and state revenue sharing receivable of \$57,898.

Current Liabilities, totaling \$348,038 consist primarily of accounts payable, payroll related liabilities, and deductions from property tax distributions for pension fund obligations.

**Condensed Statement of Changes in Net Position  
for the years ended December 31, 2017 and 2016**

**Governmental Activities**

	2017		2016
Revenues:			
Program revenues:			
Charges for services	\$ 39,687	\$	38,957
Operating grants and contributions	127,367		1,000
General Revenues:			
Ad Valorem Taxes	5,059,303		4,818,172
State Revenue Sharing	171,858		163,108
Interest Income	29,425		36,183
Donations	9,149		3,564
Miscellaneous	101,207		81,522
Gain on Sale of Assets			
<b>Total Revenues</b>	<b>\$ 5,538,296</b>	<b>\$</b>	<b>5,142,506</b>
Program Expenses:			
Library Services	4,591,349		4,792,657
<b>Total Expenses</b>	<b>4,591,349</b>		<b>4,792,657</b>
<b>Change in Net Position</b>	<b>946,947</b>		<b>349,849</b>
Beginning Net Position	16,256,775		15,892,207
Restatement of beginning net position (Note 16)	n/a		14,719
Beginning net position, as restated	16,256,775		15,906,926
<b>Ending net position</b>	<b>\$ 17,203,722</b>	<b>\$</b>	<b>16,256,775</b>

The major component of Program Revenues, totaling \$39,657, consists of charges for fines and fees at branch library locations. The major General Revenue sources are ad valorem taxes totaling

**LIVINGSTON PARISH LIBRARY COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017**

\$5,059,303, state revenue sharing totaling \$171,858, and interest earnings totaling \$29,425.

Library expenditures for 2017 totaled \$4,591,349, compared to \$ 4,792,657 in 2016, a decrease due to delayed reinstatement of library services attributed to post-flood recovery and deferred revenue.

**Fund Financial Analysis**

As previously noted, the Library's only governmental fund is used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The fund financial statements can be found on pages 13 to 15 of this report. Within the fund statements, the Library recorded a deficit of expenditures and other sources over revenues and other uses of \$612,348 resulting in a fund balance of \$7,728,348 at December 31, 2017. The reader of these financial statements should refer to Footnote 15 - Fund Balances for a description of how the Livingston Parish Library Commission Board of Control has planned in advance and designated funds for future projects and contingencies.

**Capital Assets**

The net investment in capital assets as of December 31, 2017 was \$9,449,852. There was an overall increase in net capital assets of \$4,833,180 due to the completion of the Denham Springs-Walker Branch construction, and furniture and equipment purchases associated with the project.

The following table provides a summary of the Library's capital assets at the end of the current year as compared to the prior year. For more detailed information, see Note 7 to the financial statements in this report.

**Capital Assets (Net of Depreciation)  
2017 and 2016**

**Governmental Activities**

**Capital Assets**

	2017		2016
Land	\$ 1,386,020.00	\$	1,386,020.00
Library Collection	3,019,722.00		2,860,776.00
Building	8,275,740.00		5,048,707.00
Vehicles	59,114.00		59,114.00
Equipment and Furniture	957,660.00		898,144.00
Construction in Progress	-		1,366,540.00
Subtotal Capital Assets	13,698,256.00		11,619,301.00
Less: Accumulated Depreciation	(4,248,404.00)		(3,775,596.00)
<b>Capital Assets, Net</b>	<b>\$ 9,449,852.00</b>	<b>\$</b>	<b>7,843,705.00</b>

Library collections of \$464,509 were recorded for the fiscal year ended, with \$305,563 of fully depreciated collections recorded for disposals. In contrast with 2016, the library did not record construction in progress due to the completion of the project by the fall of 2017.

**LIVINGSTON PARISH LIBRARY COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017**

**Budgetary Highlights**

The Library demonstrated legal compliance by adopting its budget in accordance with provisions of the Local Government Budget Act. As required by state law, actual revenues and other sources were within 5% of budgeted revenues and other sources, and the Library's actual expenditures and other uses did not exceed budgeted expenditures and other uses by 5%.

**New Accounting Pronouncements**

The Library adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions, an Amendment to GASB Statement No. 27. The adoption of GASB 68 required substantial changes to the financial statements of the Library. The Library recognized a net pension liability as of the year ended December 31, 2016 and recognized deferred inflows and outflows based on changes in actual and projected experiences based on actuarial studies.

**Other Factors Affecting the Library**

The Livingston Parish Library Commission's management approach is conservative. This is reflected in conformance to enacted budgets and in the efforts of the Library to control the level of expenditures.

The Livingston Parish Library Commission is maintaining its level of service to the community by continuing to offer programming and services to the public. Despite of the devastating flood of 2016, the Board has kept its promise to the community to expand library facilities to accommodate the rising use and population in the parish. The five library branches that serve the public are all operational with convenient hours to serve patrons. The library has over one hundred fifty public computers available for library users, as well as extensive book, audio/video, periodical collections, and online databases. Enthusiastic staff members continue to develop successful programs to better serve the public, while continuing to offer regular programs, such as computer classes, programs for adults, children's programs and events.

The annual operations and maintenance budget enables the Library to provide building and ground maintenance, insurance, staffing, resources, and materials to continue serving the needs of Livingston Parish's citizens.

**Contacting the Library's Financial Management**

This financial report is designed to provide a general overview of the Livingston Parish Library Commission's finances. Questions regarding this report or requests for additional information should be addressed to the Giovanni Tairov, Library Director, Livingston Parish Library, P.O. Box 397, Livingston, LA 70754.

## BASIC FINANCIAL STATEMENTS

**LIVINGSTON PARISH LIBRARY COMMISSION  
STATEMENT OF NET POSITION  
DECEMBER 31, 2017**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 849,296
Investments	2,189,179
Receivables, net:	
Ad Valorem taxes	4,934,022
State revenue sharing	57,898
Prepaid insurance	37,848
Prepaid expense	8,128
Capital assets, net of accumulated depreciation	9,449,853
Utility deposits	15
<b>Total Assets</b>	<u><b>17,526,239</b></u>
<b>DEFERRED OUTFLOWS - PENSION</b>	
Pension Related	<u><b>395,049</b></u>
<b>LIABILITIES</b>	
Accounts payable	66,659
Retainage payable	-
Accrued salaries payable	61,384
Deductions from ad valorem taxes	199,200
Other accrued liabilities	1,238
Accrued vacation payable	19,557
Long Term Liabilities	
Accrued sick leave payable	66,003
Net pension liability	235,836
<b>Total Liabilities</b>	<u><b>649,877</b></u>
<b>DEFERRED INFLOWS - PENSION</b>	
Pension Related	<u><b>67,689</b></u>
<b>Net Position</b>	
Net invested in capital assets	9,449,853
Unrestricted	<u>7,753,869</u>
<b>TOTAL NET POSITION</b>	<u><b>\$ 17,203,722</b></u>

The accompanying notes are an integral part of this statement.

**LIVINGSTON PARISH LIBRARY COMMISSION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

		<b>Program Revenues</b>		
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Net (Expenses) Revenues from Activities</b>
Governmental Activities:				
Culture and Recreation				
Support Services				
Library	\$ 4,591,349	\$     39,687	\$   127,367	\$   (4,424,295)
Total Governmental Activities	\$ 4,591,349	\$     39,687	\$   127,367	\$   (4,424,295)
General Revenues:				
				5,059,303
				171,858
				29,425
				110,656
			Total General Revenues	5,371,242
			Change in Net Position	\$     946,947
			Net Position at Beginning of the Year	16,256,775
			Net Position at End of the Year	17,203,722
				\$   17,203,722

The accompanying notes are an integral part of this statement.

**LIVINGSTON PARISH LIBRARY COMMISSION  
GOVERNMENTAL FUNDS  
COMBINED BALANCE SHEET  
DECEMBER 31, 2017**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 849,296	\$ -	\$ 849,296
Investments	2,189,179	-	2,189,179
Receivables, net:			
Ad valorem taxes	4,934,022	-	4,934,022
State revenue sharing	57,898	-	57,898
Other receivables	-	-	-
Prepaid insurance	37,848	-	37,848
Prepaid expense	8,128	-	8,128
Utility deposits	15	-	15
<b>TOTAL ASSETS</b>	<b><u>\$ 8,076,386</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 8,076,386</u></b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 66,659	\$ -	\$ 66,659
Retainage payable	-	-	-
Accrued vacation payable	19,557	-	19,557
Accrued salaries	61,384	-	61,384
Other accrued liabilities	1,238	-	1,238
Deductions from ad valorem taxes	199,200	-	199,200
<b>Total Liabilities</b>	<b><u>348,038</u></b>	<b><u>-</u></b>	<b><u>348,038</u></b>
<b>Fund Balance</b>			
Nonspendable	45,976	-	45,976
Committed	3,678,000	-	3,678,000
Unassigned	4,004,372	-	4,004,372
<b>Total Fund Balances</b>	<b><u>7,728,348</u></b>	<b><u>-</u></b>	<b><u>7,728,348</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 8,076,386</u></b>	<b><u>\$ -</u></b>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	9,449,853
Deferred Outflow	395,049

Long-term liabilities, including bonds payable, loans payable, and compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Accrued sick leave	(66,003)
Net pension liability	(235,836)
Deferred inflow	(67,689)

**Net position of governmental activities** **\$ 17,203,722**

The accompanying notes are an integral part of this statement.

**LIVINGSTON PARISH LIBRARY COMMISSION**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	General Fund	Capital Projects Fund	Total Governmental Funds
<b>REVENUES</b>			
Ad valorem taxes	\$ 5,059,303	\$ -	\$ 5,059,303
State revenue sharing	171,858	-	171,858
Fines and fees	39,687	-	39,687
State and Local grants	4,846	-	4,846
Federal funds	113,372	-	113,372
Interest	29,425	-	29,425
Donations	9,149	-	9,149
Miscellaneous	88,700	-	88,700
<b>TOTAL REVENUES</b>	<b>5,516,340</b>	<b>-</b>	<b>5,516,340</b>
<b>EXPENDITURES</b>			
Personnel services:			
Salaries	2,052,036	-	2,052,036
Benefits	379,424	-	379,424
Payroll taxes	158,466	-	158,466
Operating services:			
Advertising	896	-	896
Dues and subscriptions	2,397	-	2,397
Insurance	130,102	-	130,102
Professional services	49,619	-	49,619
Miscellaneous	12,101	-	12,101
Postage	1,703	-	1,703
Repairs and maintenance	336,757	-	336,757
Rentals	8,424	-	8,424
Software purchases	2,093	-	2,093
Telephone	13,190	-	13,190
Utilities	211,402	-	211,402
Travel	12,511	-	12,511
Library material and supplies:			
Databases	55,906	-	55,906
Library books and periodicals (non-capital)	4,419	-	4,419
Office supplies	89,229	-	89,229
Reading program	24,295	-	24,295
Intergovernmental expenditures	199,200	-	199,200
Capital outlays	524,025	1,860,493	2,384,518
<b>TOTAL EXPENDITURES</b>	<b>4,268,195</b>	<b>1,860,493</b>	<b>6,128,688</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>1,248,145</b>	<b>(1,860,493)</b>	<b>(612,348)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfer in (out) - capital projects fund	(1,860,493)	1,860,493	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,860,493)</b>	<b>1,860,493</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(612,348)</b>	<b>-</b>	<b>(612,348)</b>
<b>FUND BALANCE, Beginning</b>	<b>8,340,696</b>	<b>-</b>	<b>8,340,696</b>
<b>FUND BALANCE, Ending</b>	<b>\$ 7,728,348</b>	<b>\$ -</b>	<b>\$ 7,728,348</b>

The accompanying notes are an integral part of this statement.

**LIVINGSTON PARISH LIBRARY COMMISSION  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

Net Change in fund balances - total governmental funds (page 14)		\$(612,348)
<p>Revenues that are not available to pay current obligations are not reported in the fund financial statements, but they are presented as revenues in the statement of activities.</p>		
Non-employer contributions to cost-sharing pension plan		21,955
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period net of other reconciling items related to capital assets, which are also not recorded in governmental funds.</p>		
Expenditures for capital assets	\$ 2,384,518	
Less:		
Current year depreciation	<u>(778,371)</u>	1,606,147
Pension expense		(90,716)
<p>Compensated absences payable after one year are not recorded as an expenditure in the governmental funds, but they are recorded as an expenditure in the statement of activities.</p>		
		<u>21,908</u>
<b>Change in net position of governmental activities (page 12)</b>		<b><u><u>\$ 946,946</u></u></b>

The accompanying notes are an integral part of this statement.

**LIVINGSTON PARISH LIBRARY COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Livingston Parish Library Commission (Library) was created by the Livingston Parish Council, as provided by Louisiana Revised Statutes. The Library provides citizens of the parish access to library materials, books, magazines, recordings, and films. The Library is governed by a board of seven members, which are appointed by the Livingston Parish Council. The members of the board serve without pay. Primary financing is provided by ad valorem taxes and interest earned on investments.

The financial statements of the Library have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard setting body for governmental accounting and financial reporting.

Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus, an Amendment of GASB Statements No. 14 and No. 34*, established criteria for determining the reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, the Livingston Parish Library Commission is considered a component unit of the Livingston Parish Council. As a component unit, the accompanying financial statements are to be included within the reporting of the primary government, either blended within those financial statements or separately reported as a discrete component unit. Under provisions of this statement, there are no component units of the Library.

**A. Governmental-Wide and Fund Financial Statements**

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all nonfiduciary activities of the Library. For the most part the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from the business-type activities, which rely to a significant extent on fees and charges for support. Likewise, a primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Library does not have any business-type activities and reports only governmental activities. The Library has no component units.

These financial statements are presented in accordance with GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*, as amended by GASB statements described in the following paragraphs. Statement No. 34 established standards for financial reporting, with presentation requirements originally including a statement of net position (or balance sheet), a statement of activities, and statement of cash flows. The definition and composition of these statements, as originally defined in GASB statement No. 34, are as amended by GASB Statements included in the following paragraphs. The Library has also adopted the provisions of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* that require capital contributions to the Library to be presented as a change in net position.

**LIVINGSTON PARISH LIBRARY COMMISSION  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for financial statement periods ending after December 15, 2012, provided guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined *Deferred Outflows of Resources* as a consumption of net assets by the government that is applicable to a future reporting period, and *Deferred Inflows of Resources* as an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. GASB Concepts Statement No. 4 identifies net position as a residual of all other elements presented in a statement of financial position. This Statement amended the net asset reporting requirement in Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The definition and reporting of net position is further described in *Footnote I – Net Position and Fund Balance*. As required by the GASB, the Library implemented GASB Statement No. 63 during the year ended December 31, 2012.

During the year ended December 31, 2012, the Library also adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement established accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead of general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are presented as separate columns in the fund financial statements. The Library reports two funds: both governmental funds – the general fund and the capital projects fund.

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

**LIVINGSTON PARISH LIBRARY COMMISSION  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provided have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considered revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associates with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period if they are measurable and available. Only the portion of special assessment receivable, if any, due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Substantially all other revenue items are considered to be measurable and available only when cash is received by the government.

The Library reports the following major and non-major governmental funds:

**Major Fund**

The *General Fund* is the Library's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Major Fund**

The *Capital Projects Fund* accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition of capital facilities and other capital assets.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided; 2) program-specific operating grants and contributions; and 3) program-specific capital grants and contributions. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Library's policy to use restricted resources first, then unrestricted resources as they are needed.

When restricted, committed, assigned, or unassigned fund balances are available for use, the Library considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds as needed, unless it has been provided for otherwise in the restriction, commitment, or assignment action.

**LIVINGSTON PARISH LIBRARY COMMISSION  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Deposits and Investments**

The Livingston Parish Library Commission's cash and cash equivalents include cash on hand, amounts in demand deposits, interest-bearing demand deposits, and time deposit accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Library may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the Library may invest in United States bonds, treasury notes or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the maturities are 90 days or less, they are classified as cash equivalents. Investments in the Library are reported at fair value.

**D. Receivables and Revenue**

Receivables are shown net of an allowance for uncollectible accounts. Uncollectible amounts for property taxes are recorded as a reduction of current revenues.

**E. Inventories and Prepaid Items**

All inventories are valued at cost using the first-in/first-out method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased. The Library did not have any inventory at December 31, 2017. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**F. Restricted Assets**

Certain amounts shown as governmental restricted assets are to be used for specified purposes, such as servicing general obligation bond debt and construction of capital assets. Such assets have been restricted by bond indenture, law, or contractual obligations. The Library did not have any restricted assets at December 31, 2017.

**G. Capital Assets**

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated costs if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Library maintains a threshold level of \$1,200 or more for capitalizing vehicles, furniture, and equipment.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

**LIVINGSTON PARISH LIBRARY COMMISSION  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

<u>Description</u>	<u>Estimated Lives</u>
Library Collection	4 to 7 years
Computer Equipment	5 years
Office Furniture and Equipment	5 to 10 years
Buildings	40 years
Vehicles	5 years

The Library has adopted the policy that the library collection will be reported on a composite basis by making adjustments to total value to reflect increases or decreases in total value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

**H. Compensated Absences**

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

Permanent employees of the Library earn between ten and fifteen days of vacation leave each year, depending on their length of service and job classification. Vacation time can be accumulated up to 40 hours at year-end. Any hours, in excess of this maximum amount must be taken by the end of the year or it is forfeited. Upon separation, employees are paid at their current rate of pay for accrued vacation leave. Employees earn between five and ten days of sick leave each year. Sick leave may be accumulated from year to year, but upon separation any accumulated sick leave is forfeited. However, any unused sick leave may be added to service time and credited to the employee at the time of retirement.

In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, unused employee sick leave has been accrued on the Statement of Net Position.

**I. Net Position and Fund Balance**

GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*, required reclassification of net position into three separate components. GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, revised the terminology by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. GASB Statement No. 63 requires the following components of net position:

**LIVINGSTON PARISH LIBRARY COMMISSION  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

- **Net Investment in Capital Assets Component of Net Position** – The *net investment in capital assets* component of net position consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows or resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount. Debt does not enter into the calculation of this category of net position since the Library cannot legally hold long-term indebtedness.
- **Restricted Component of Net Position** – The *restricted* component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported. As of December 31, 2016, the Library has no restricted net position.
- **Unrestricted Component of Net Position** – The *unrestricted* component of net position is the net position amount of the assets, deferred outflows of resources, liabilities, deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

In the fund statements, governmental fund equity is classified as fund balance. The Library adopted GASB 54 for the year ended December 31, 2011. As such fund balances of governmental funds are classified as follows:

- **Nonspendable** – These are amounts that cannot be spent either, because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- **Restricted** – These are amounts that can be spent only for specific purposes, because of constitutional provisions, enabling legislation or constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- **Committed** – These are amounts that can be used only for specific purposes determined by a formal decision of the Board, which is the highest level of decision making authority for the Library.

**LIVINGSTON PARISH LIBRARY COMMISSION  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

- **Assigned** – These are amounts that do not meet the criteria to be classified as restricted or committed, but are intended to be used for specific purposes based on the discretion of the Board.
- **Unassigned** – These are amounts that have not been assigned to other funds and amounts that have not been restricted, committed, or assigned to specific purposes within the general fund. Also within other governmental funds, these include expenditure amounts incurred for specific purposes which exceed the amounts restricted, committed, or assigned for those purposes.

**J. Ad Valorem Taxes**

On April 23, 2005, voters of Livingston Parish originally approved a 10-year 10.00 mill ad valorem tax assessed on all property subject to taxation in Livingston Parish for the purpose of “acquiring, contracting, improving, maintaining, and operating the Livingston Parish Library.” The original tax began with the year 2005 and ended with the year 2014. The tax was renewed by the votes and Livingston Parish Ordinance No. 14-08 was approved extending the levied tax through October 1, 2024.

Ad valorem taxes attach as an enforceable lien on property as of January 1<sup>st</sup> of each year. Taxes are levied in September or October and billed to taxpayers in November. Billed taxes become delinquent on January 1<sup>st</sup> of the following year. Revenues from ad valorem taxes are budgeted in the year billed. The Livingston Parish Library Commission’s taxes are collected by the Livingston Parish Sheriff and are remitted to the Library monthly. The Library pays the Sheriff’s Office a fee for this service. The following is a summary of authorized and levied ad valorem taxes.

	<b>Authorized Millage</b>	<b>Levied Millage</b>	<b>Expiration Date of Millage</b>
General fund - Ad Valorem	10.00 mills	10.00 mills	10/1/2024

**K. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires 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 expenses during the reported period. Actual results could differ from those estimates.

**LIVINGSTON PARISH LIBRARY COMMISSION  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**L. Reconciliations of Government-Wide and Fund Financial Statements**

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position is presented within the governmental fund balance sheet of the basic financial statements. Explanation of certain differences between the governmental fund statement of revenues, expenses, and changes in fund balances and the government-wide statement of activities is presented as the "Reconciliation of the Statement of Revenues and Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities" of the basic financial statements.

**M. Comparative Data/Reclassifications**

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

The Commission utilizes the following budgetary practices:

The Director prepares the annual budget, which is based on what is expected to be collected and/or levied during the fiscal year and is approved by the Board of Commissioners. The adopted budget constitutes the authority of the Director to incur liabilities and authorize expenditures from the respective budgeted funds. Additionally, certain expenditures are approved by the Board before payment.

The Library adopted a budget for the General Fund on the modified accrual basis each year in accordance with generally accepted accounting principles (GAAP). The budget for the fiscal year ended December 31, 2017 was legally adopted on December 6, 2016. The budget is monitored by the Board and amended as needed. The budget was amended for the fiscal year ended December 31, 2017 on November 21, 2017. Unexpended budget balances lapse at year-end.

**NOTE 3 – CASH, CASH EQUIVALENTS, AND INVESTMENTS**

At December 31, 2017, the Library has cash and cash equivalents (book balances) as follows:

	<b>12/31/2017</b>
Demand deposits	\$ 849,296
Certificates of deposits held as investments (Note 4)	2,189,179
	<b>\$ 3,038,475</b>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

**LIVINGSTON PARISH LIBRARY COMMISSION  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (continued)**

At December 31, 2017, the Library had \$3,156,675 in deposits (collected bank balances) consisting of \$967,496 in demand deposits and \$2,189,179 in certificates of deposits held in banks and classified as investments. The demand deposits were secured from risk by \$250,000 of federal deposit insurance and the remaining \$2,906,675 was covered by pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). The \$2,906,675 was exposed to custodial credit risk because while the amount was secured by pledged securities, such securities were held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities were considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell pledged securities within 10 days of being notified by the Library that the fiscal agent has failed to pay deposited funds upon demand.

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Commission or its agent in the Commission's name
2. Uninsured and unregistered with securities held by the counterparty's trust department or agent in the Commission's name
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Commission's name

The Commission held assets that qualified as investments consisting of certificates of deposits with a market value of \$2,189,179 within one local bank at December 31, 2017. All investments held by the Commission fall into Category 1 credit risk above. In accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and For External Investment Pools*, all investments, when held, are carried at fair market value, with the estimated fair market value bases on quoted market prices.

*Interest Rate Risk:* The Commission does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value 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, 2017, 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.

**LIVINGSTON PARISH LIBRARY COMMISSION  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (continued)**

At December 31, 2017, the Library held certificates of deposit, with an original maturity greater than 90 days, totaling \$2,189,179. 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	\$ 779,536	\$ 779,536	1/31/2018	0.20%
Certificates of Deposit	\$ 605,780	\$ 605,780	1/19/2019	0.50%
Certificates of Deposit	\$ 803,863	\$ 803,863	7/19/2020	1.15%
Total	<u>\$ 2,189,179</u>	<u>\$ 2,189,179</u>		

**NOTE 4 – RECEIVABLES AND REVENUES**

Ad valorem taxes attach as an enforceable lien on property as of January 1<sup>st</sup> of each year. Taxes were levied by the Livingston Parish Assessor in September or October and billed to taxpayers in November. Billed taxes become delinquent on January 1<sup>st</sup> of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

The Governmental Fund accounts receivable consists of the following at December 31, 2017:

<u>Description</u>	<u>Governmental Activities</u>
Ad Valorem Taxes	\$ 4,934,022
State Revenue Sharing	57,898
Total Governmental Receivables	<u>\$ 4,991,920</u>

**NOTE 5 – AD VALOREM TAXES**

For the year ended December 31, 2017, taxes of 10.00 mills were levied on property with assessed valuations totaling \$513,960,638. Total taxes levied were \$5,139,606.

**LIVINGSTON PARISH LIBRARY COMMISSION  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 – AD VALOREM TAXES (continued)**

Total taxes assessed and taxes receivable at December 31, 2017, are as follows:

	<b>General Operations 10.00 Mills</b>
Property tax assessed	\$ 5,139,606
Less: Current amounts deemed uncollectible	(205,584)
Net 2017 property taxes deemed collectible	<u>4,934,022</u>
Prior year taxes collected in excess of prior year receivable in 2017	-
Net property tax revenues	<u>\$ 4,934,022</u>
Net property taxes deemed collectible	\$ 4,934,022
Less: Amounts collected prior to December 31, 2017	-
Taxes receivable - current year	<u>4,934,022</u>
Prior year tax receivable at December 31, 2016	<u>4,746,426</u>
Less: Prior year tax collected in 2017	-
Prior year taxes collected in 2017	<u>4,746,426</u>
Total property taxes receivable at December 31, 2017	<u>\$ 4,934,022</u>

**LIVINGSTON PARISH LIBRARY COMMISSION  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 – CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended December 31, 2017 for governmental activities is as follows:

	Balance December 31, 2016	Increases	Decreases	Balance December 31, 2017
<b>Governmental Activities Capital Assets:</b>				
Capital assets not being depreciated:				
Land	\$ 1,386,020	\$ -	\$ -	\$ 1,386,020
Construction in progress	1,366,540	1,860,493	3,227,033	-
Total capital assets not being depreciated	<u>2,752,560</u>	<u>1,860,493</u>	<u>3,227,033</u>	<u>1,386,020</u>
Capital assets being depreciated				
Furniture and equipment	898,144	59,516	-	957,660
Vehicles	59,114	-	-	59,114
Buildings	5,048,707	3,227,033	-	8,275,740
Library collection	2,860,776	464,509	(305,563)	3,019,722
Total capital assets being depreciated	<u>8,866,741</u>	<u>3,751,058</u>	<u>(305,563)</u>	<u>12,312,236</u>
Less Accumulated Depreciation for:				
Furniture and equipment	684,948	63,654	-	748,602
Vehicles	46,112	2,944	-	49,056
Buildings	1,368,634	307,318	-	1,675,952
Library collection	1,675,902	404,455	(305,563)	1,774,794
Total Accumulated Depreciation	<u>3,775,596</u>	<u>778,371</u>	<u>(305,563)</u>	<u>4,248,404</u>
Total capital assets being depreciated, net	<u>5,091,145</u>	<u>2,972,687</u>	<u>-</u>	<u>8,063,832</u>
<b>Total Governmental Activities Capital Assets, Net</b>	<b><u>\$ 7,843,705</u></b>	<b><u>\$ 4,833,180</u></b>	<b><u>\$ 3,227,033</u></b>	<b><u>\$ 9,449,852</u></b>

Depreciation was charged to governmental functions as follows:

Library services	<u><u>\$ 778,371</u></u>
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Library collections of \$464,509 were recorded for the fiscal year ended, with \$305,563 of fully depreciated collections recorded for disposals. Other Furniture and Equipment, including data processing software, security gages, and equipment primarily for the Livingston Library and the Library Administration Building, and other miscellaneous equipment and furniture purchases, was recorded for \$59,516. The Library also recorded \$1,860,493 in construction in progress for the Denham Springs/Walker Branch Expansion. The Library was completed in 2017.

**LIVINGSTON PARISH LIBRARY COMMISSION  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 – PENSION PLAN**

**Plan Description:**

Substantially all employees of the Livingston Parish Library Commission are members of the Parochial Employees' Retirement System of Louisiana (PERS), a multiple-employer, cost-sharing, defined benefit pension plan. The System was established and provided for by R.S. 11:1901 of the Louisiana Revised Statute. The System provides 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, 2016. Access to the audit report can be found on the System's website: [www.persla.org](http://www.persla.org) or on the Office of Louisiana Legislative Auditor's official website: [www.lla.state.la.us](http://www.lla.state.la.us).

**Retirement Benefits:**

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

For employees hired prior to January 1, 2007:

1. Age 55 with thirty (30) years of creditable service.
2. Age 60 with a minimum of ten (10) years of creditable service.
3. 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 for any member of Plan B shall consist of an amount equal to two percent 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:**

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

A surviving spouse who is not eligible for Social Security survivorship or retirement benefits, and married not less than 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 retirement.

**LIVINGSTON PARISH LIBRARY COMMISSION  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 – PENSION PLAN (continued)**

In lieu of terminating employment and accepting a service retirement, any member of Plan B who is eligible to retire may elect to participate in 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 DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account. Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date.

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

**Disability Benefits:**

For Plan B, a member shall be eligible to retire and receive a disability benefit if he/she was hired prior to January 1, 2007, and has at least 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 B shall be paid a disability benefit equal to the lesser of an amount equal to two percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or an amount equal to what the member's normal benefit would be based on the member's current final compensation but assuming the member remained in continuous service until his earliest normal retirement age.

**Cost of Living Increases:**

The Board is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age 65 equal to 2% of the member's benefit paid on October 1, 1977, (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 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.

**LIVINGSTON PARISH LIBRARY COMMISSION  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 – PENSION PLAN (continued)**

**Employer Contributions:**

According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2016, actuarially determined rate was 7.20% of member's compensation for Plan B. However, the actual rate for the fiscal year ending December 31, 2016 was 8.00% for Plan B. According to state statute, the System also received  $\frac{1}{4}$  of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities.

Under the Plan B, members are required by state statute to contribute 3.00% (depending on date of hire) of their annual covered salary and the Library is required to contribute an actuarially determined rate. The rate for the year ended December 31, 2017 was 8.00%. 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 Library's contributions to the System under Plan B for the years ended December 31, 2017, 2016, and 2015, were \$129,641, \$144,680, and \$158,386, respectively.

**Pension Liabilities, Pension Expense, and Deferred Outflows and Resources and Deferred Inflows of Resources:**

At December 31, 2017, the Library reported a liability of \$235,836 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation of that date. The Library's proportion of the net pension liability 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, 2016, the Library's proportion was 1.815415%, which was a decrease of 0.006795% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the Library recognized pension expense of \$220,470 less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, (\$113).

At December 31, 2017, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**LIVINGSTON PARISH LIBRARY COMMISSION  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 – PENSION PLAN (continued)**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (67,315)
Changes of assumptions	28,128	-
Net difference between projected and actual earnings on pension plan investments	235,450	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	1,830	(374)
Employer contributions subsequent to the measurement date	<u>129,641</u>	<u>-</u>
Total	<u>\$ 395,049</u>	<u>\$ (67,689)</u>

The Library reported a total of \$129,641 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of December 31, 2016, which will be recognized as a reduction in net pension liability for the year ended December 31, 2018.

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>	
2018	\$ 65,917
2019	81,851
2020	56,584
2021	<u>(6,633)</u>
	<u>\$ 197,719</u>

**LIVINGSTON PARISH LIBRARY COMMISSION  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 – PENSION PLAN (continued)**

**Actuarial Assumptions:**

A summary of actuarial methods and assumptions used in determining the total net pension liability as of December 31, 2016 is as follows:

<b>Valuation Date</b>	December 31, 2016
<b>Actuarial Cost Method</b>	Entry Age Normal
<b>Actuarial Assumptions:</b>	
<b>Expected Remaining</b>	
<b>Service Lives</b>	4 years
<b>Investment Rate of Return</b>	7.00%, net of investment expense
<b>Projected Salary Increases</b>	5.25% (2.75% Merit/2.50% Inflation)
<b>Cost of Living Adjustments</b>	The present value of future retirement benefits is based on benefit 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.
 <b>Mortality</b>	 RP-2000 Employee Sex Distinct Table was selected for employees. RP-2000 Healthy Annuitant Sex Distinct Tables were selected for healthy annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.

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 7.66% for the year ended December 31, 2016. 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, 2016 are summarized in the following table:

**LIVINGSTON PARISH LIBRARY COMMISSION  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 – PENSION PLAN (continued)**

<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%	3.63%
Alternatives	11%	0.67%
Real Assets	2%	0.12%
Totals	<u>100%</u>	<u>5.66%</u>
Inflation		<u>2.00%</u>
Expected Arithmetic Nominal Return		<u>7.66%</u>

**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 then 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 7.00% for Plan B. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1.0% Decrease 6.00%	Current Discount Rate 7.00%	1.0% Increase 8.00%
Net Pension Liability	\$ 896,587	\$ 235,836	\$ (321,930)

**LIVINGSTON PARISH LIBRARY COMMISSION  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 – COMPENSATED ABSENCES**

At December 31, 2017, employees of the Library have accumulated and vested employee leave benefits, which was computed in accordance with GASB Codification Section C60. The total amount of \$19,557 accrued vacation leave is recorded as an obligation of the general fund.

Policies of the Library do not allow payment directly to the employee for sick leave upon termination. However, unused sick leave may be carried forward and added to service time and credited to the employee upon retirement. The accrued sick leave at December 31, 2017 totaling \$66,003 represents a long-term obligation and is recorded on the government-wide financial statements.

**NOTE 9 – ACCOUNTS, SALARIES, AND OTHER PAYABLES**

The Governmental Funds payables consist of the following at December 31, 2017:

<b>Governmental Funds Payable</b>	<b>2017</b>
Accounts payable	\$ 66,659
Accrued vacation payable	19,557
Accrued salaries	61,384
Retainage payable	-
Other accrued liabilities	1,238
Deduction from ad valorem taxes	199,200
<b>Total Government Funds Payable</b>	<b>\$ 348,038</b>

**NOTE 10 – OPERATING LEASES**

At December 31, 2017, the Library has operating leases with Angelo's Lawn-Scape, Gallo's Mechanical, and Xerox for lawn maintenance, maintenance, and equipment rental, respectively. The lease with Angelo's Lawn-Scape ends on May 31, 2018, the lease with Gallo's Mechanical is renewed every year and ends on December 31, 2018, and the lease with Xerox ends on September 30, 2019.

Future Lease Payments	Vendor			Total by Year
	Angelo's Lawn Service	Gallo's Mechanical	Xerox	
2018	\$ 31,865	\$ 67,200	\$ 19,206	\$ 118,271
2019	-	-	14,405	14,405

**NOTE 11 – RISK MANAGEMENT**

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Library attempts to minimize risk from significant losses through the purchase of commercial insurance.

**LIVINGSTON PARISH LIBRARY COMMISSION  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 12 – CONTINGENT LIABILITIES**

At December 31, 2017, the Library was not involved with any outstanding litigation or claims.

**NOTE 13 – FINANCING OF LIBRARY BUILDINGS BY PRIMARY GOVERNMENT**

On October 4, 2003, the voters of Livingston parish approved the issuance of \$8,900,000 (Series 2004) General Obligation Bonds. The proceeds of these bonds were used to pay the cost of construction and acquitting the improvement of public libraries for the Parish, and acquiring the necessary land, equipment, and furnishings. These bonds will be payable for the annual levy and collection of unlimited ad valorem taxes on all the taxable property within the Parish. These bonds were issued on March 1, 2004 with scheduled maturities through 2024. The bonds were issued in the name of the Livingston Parish Council and hence are recorded on the books of the Council. The Council administered the construction funds as they were spent on the construction of the new libraries. In addition, the Council collects and administers the ad valorem taxes collected and used to repay the outstanding bonds. At December 31, 2009, the Livingston Parish Council had spent the \$8,900,000 on the constructions of new libraries from the bond proceeds. In addition, the Library transferred an accumulated amount of \$2,682,517 (\$2,500,000 in 2006, \$180,442 in 2007, and \$2,075 in 2008) of its funds to the Livingston Parish Council to assist the Parish Council in the completion of the construction costs.

**NOTE 14 – FUND BALANCES**

At December 31, 2017, the General Fund of the Library had nonspendable fund balance of \$45,976, consisting of prepaid insurance premiums. Pursuant to formal action of the Livingston Parish Library Board of Control on April 1, 2015, the board also committed \$3,678,000 of the fund balance for future projects. Of the \$3,678,000 commitment, a total of \$3,000,000 was committed for future construction, expansion, and improvement of Livingston Parish Library facilities, and \$678,000 was committed as contingency for emergency facility repairs caused by natural disasters.

**NOTE 15 – SUBSEQUENT EVENTS**

Subsequent events have been evaluated by management through April 17, 2018, the date the financial statements were available for issuance. No events were noted that require recording or disclosure in the financial statements for the year ending December 31, 2017.

**REQUIRED SUPPLEMENTARY INFORMATION**

**LIVINGSTON PARISH LIBRARY COMMISSION  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE--BUDGET (GAAP BASIS) AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance Favorable (Unfavorable)
	Original Budget	Final Budget		
<b>REVENUES</b>				
Ad valorem taxes	\$ 4,550,498	\$ 4,862,692	\$ 5,059,303	\$ 196,611
State revenue sharing	161,318	170,940	171,858	918
Fines and fees	30,342	39,069	39,687	618
Grants	3,700	4,180	4,846	666
Donations	3,960	8,484	9,149	665
Interest	17,952	24,458	29,425	4,967
Emergency Recovery Fund	-	113,372	113,372	
Miscellaneous	56,000	81,648	88,700	7,052
<b>TOTAL REVENUES</b>	<u>4,823,770</u>	<u>5,304,843</u>	<u>5,516,340</u>	<u>211,497</u>
<b>EXPENDITURES</b>				
Personnel services:				
Salaries	2,157,047	2,067,163	2,052,036	15,127
Benefits	390,035	317,228	379,424	(62,196)
Payroll taxes	165,014	158,137	158,466	(329)
Operating services:				
Advertising	49,000	56,900	896	56,004
Dues and subscriptions	2,500	2,647	2,397	250
Insurance	135,000	130,023	130,102	(79)
Professional services	15,750	49,210	49,619	(409)
Miscellaneous	25	600	12,101	(11,501)
Postage	4,400	1,950	1,703	247
Repairs and maintenance	566,500	334,744	336,757	(2,013)
Rentals	-	-	8,424	(8,424)
Software purchases	18,000	31,949	2,093	29,856
Telephone	14,000	12,818	13,190	(372)
Utilities	174,582	208,190	211,402	(3,212)
Travel	8,000	11,200	12,511	(1,311)
Library materials and supplies:				
Databases	15,000	71,000	55,906	15,094
Library books and periodicals (non-capital)	134,000	213,524	4,419	209,105
Office supplies	40,700	47,270	89,229	(41,959)
Reading programs	30,000	22,381	24,295	(1,914)
Intergovernmental expenditures	177,500	191,945	199,200	(7,255)
Capital outlays	430,000	381,971	524,025	(142,054)
<b>TOTAL EXPENDITURES</b>	<u>4,527,053</u>	<u>4,310,850</u>	<u>4,268,195</u>	<u>42,655</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>296,717</u>	<u>993,993</u>	<u>1,248,145</u>	<u>254,152</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfer (out) - capital projects fund	-	(215,000)	(1,860,493)	(1,645,493)
<b>NET CHANGE IN FUND BALANCE</b>	<u>296,717</u>	<u>778,993</u>	<u>(612,348)</u>	<u>(1,391,341)</u>
FUND BALANCE, Beginning	8,340,696	8,340,696	8,340,696	-
Restatement of beginning fund balance	-	-	-	-
FUND BALANCE, Beginning as restated	<u>8,340,696</u>	<u>8,340,696</u>	<u>8,340,696</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 8,637,413</u>	<u>\$ 9,119,689</u>	<u>\$ 7,728,348</u>	<u>\$ (1,391,341)</u>

LIVINGSTON PARISH LIBRARY COMMISSION  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Capital Projects Fund</u>
<b>REVENUES</b>	
Ad valorem taxes	\$ -
State revenue sharing	-
Fines and fees	-
Grants	-
Donations	-
Interest	-
Miscellaneous	-
<b>TOTAL REVENUES</b>	<u>-</u>
<b>EXPENDITURES</b>	
Personnel services:	
Salaries	-
Benefits	-
Payroll taxes	-
Operating services:	
Advertising	-
Dues and subscriptions	-
Insurance	-
Professional services	-
Miscellaneous	-
Postage	-
Repairs and maintenance	-
Rentals	-
Software purchases	-
Telephone	-
Utilities	-
Travel	-
Library materials and supplies:	
Databases	-
Library books and periodicals (non capital)	-
Office supplies	-
Reading programs	-
Intergovernmental expenditures	-
Capital outlays	1,860,493
<b>TOTAL EXPENDITURES</b>	<u>1,860,493</u>
<b>EXPENDITURES</b>	<u>(1,860,493)</u>
<b>OTHER FINANCING SOURCES</b>	
Operating transfer in - capital projects fund	1,860,493
<b>NET CHANGE IN FUND BALANCE</b>	-
<b>FUND BALANCE, Beginning</b>	<u>-</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>

LIVINGSTON PARISH LIBRARY COMMISSION  
 SCHEDULE OF LIVINGSTON PARISH LIBRARY COMMISSION'S PROPORTIONATE  
 SHARE OF THE NET PENSION LIABILITY  
 FOR THE YEAR ENDED DECEMBER 31, 2017

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
2017	1.815415%	\$ 235,836	\$ 1,621,157	14.5474%	95.50%
2016	1.822210%	\$ 324,436	\$ 1,808,497	17.9395%	93.48%
2015	1.968082%	\$ 5,466	\$ 1,750,029	00.3123%	99.89%

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

LIVINGSTON PARISH LIBRARY COMMISSION  
 SCHEDULE OF LIVINGSTON PARISH LIBRARY COMMISSION'S CONTRIBUTIONS  
 FOR THE YEAR ENDED DECEMBER 31, 2017

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
2017	\$ 129,641	\$ 129,641	\$ -	\$ 1,621,157	7.9968%
2016	\$ 144,680	\$ 144,680	\$ -	\$ 1,808,497	8.0000%
2015	\$ 158,386	\$ 158,386	\$ -	\$ 1,750,029	9.0505%

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

OTHER SUPPLEMENTARY INFORMATION

LIVINGSTON PARISH LIBRARY COMMISSION  
 SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS  
 FOR THE YEAR ENDED DECEMBER 31, 2017

<u>Board Member</u>	<u>Compensation Received</u>
Jo Ann Graul, President	\$ -
Ronnie Bencaz, Vice President	-
J. Lindsay Varnado	-
Juanette Courtney	-
Kathy deGeneres	-
Debbie Henson	-
Shelly Davis	-
Layton Ricks, Ex-Officio	-
Total Compensation	<u>\$ -</u>

LIVINGSTON PARISH LIBRARY COMMISSION  
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS  
TO AGENCY HEAD  
FOR THE YEAR ENDED DECEMBER 31, 2017

Agency Head Name: Giovanni Tairov, Director

Purpose	Amount
Salary	\$ 82,400
Employer paid payroll taxes	6,304
Benefits - retirement	6,592
Cell phone reimbursement	858
Travel - mileage reimbursements	2,551
Conference registration and expenses	100
Dues	120
<b>Total</b>	<b>\$ 98,925</b>

**OTHER REPORTS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

# **BAXLEY AND ASSOCIATES, LLC**

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To the Board of Commissioners  
Livingston Parish Library Commission  
Livingston Parish Council  
Livingston, Louisiana 70754

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

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Staci H. Joffrion, CPA/CGMA

## **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 of the United States, the financial statements of the governmental activities and each major fund of the Livingston Parish Library Commission, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Livingston Parish Library Commission's basic financial statements and have issued our report thereon dated April 17, 2018.

### **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.

*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 statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses that we consider to be significant deficiencies in internal control over financial reporting as Finding Number 2017-001 and 2017-002.

**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 ACCORANCE WITH GOVERNMENT AUDITING  
STANDARDS**

**Compliance and Other Matters**

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

**Livingston Parish Library Commission's Response to Findings**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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  
April 17, 2018

**LIVINGSTON PARISH LIBRARY COMMISSISON  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**A. SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of the Livingston Parish Library Commission.
2. There was one significant deficiency relating to the audit of the financial statements reported in the 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.
3. No instances of noncompliance material to the financial statements of the Livingston Parish Library Commission were disclosed during the audit.

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

**2017-001 YEAR-END ADJUSTMENTS**

Condition:

Five of the eight year-end adjustments were incorrectly recorded by the Library.

Criteria:

Accounts such as Accounts Payable and Other Accruals should be adjusted at year-end to an amount that is paid after the fiscal year.

Effect:

At year-end, the Accounts Payable, Accrued Vacation, and Accrued Sick Leave accounts were understated. Accrued Payroll was overstated.

Recommendation:

Year-end adjustments and ending balances should be reviewed for accuracy.

Management's Response:

The accountant used the entries made the prior year as a guideline. This was not the correct thing to do and therefore inadvertently misstated the amounts posted. The error is noted and will not be repeated in the future.

**2017-002 LONG-TERM OUTSTANDING CHECKS**

Condition:

The Library had long-term outstanding checks on bank reconciliations that exceed one year.

Criteria:

*Government Auditing Standards*, issued by the Comptroller General of the United States requires governmental units to appropriately reverse long-term outstanding checks and properly handle them in accordance with State escheat laws.

Effect:

The lack of appropriately reversing long-term outstanding checks and properly handling them in accordance with State escheat laws causes the bank reconciliations to be distorted.

**LIVINGSTON PARISH LIBRARY COMMISSION  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

Recommendation:

We recommend implementing a policy to void checks after a certain period of time while maintaining a report of checks voided in case the payee contacts the Library to claim their funds. We also recommend adhering to the State's escheat laws regarding unclaimed property.

Management's Response:

The recommendation to implement a new policy has been noted and the new policy should be implemented in 2018.

**LIVINGSTON PARISH LIBRARY COMMISSION  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**2016-1 LACK OF CONTROLS OVER FINANCIAL REPORTING IN ACCORDANCE WITH GAAP**

Condition:

Duties throughout the financial reporting process, which are considered incompatible, are being performed by the Commission's bookkeeper or Director. Specifically, the individual that makes deposits also records transactions into the general ledger and reconciles the bank accounts, and the individual with authority over expenditures also signs checks and approves payroll direct deposits.

The Commission has implemented compensating controls that include, but are not limited to: separate individuals opening mail; maintaining copies of supporting documents; dual signatures on checks; review of bank statements and bank reconciliations by Director (separate from the person reconciling the accounts and recording the transactions in the general ledger); time entry system and payroll review by Director (separate from the person processing payroll); review of all source documents by Director; board review of financial data; and board review and approval of the budget process.

Recommendation:

Management should remain vigilant in identifying compensating controls and ensuring that those implemented are operating effectively. Specifically, we recommend that the Board attempt to meet more frequently in order to increase the frequency with which it reviews financial data. We also recommend review of the accounting system's general ledger by a designated board member on an unannounced basis.

Current Status:

This condition was corrected in the current year.

**LIVINGSTON PARISH LIBRARY COMMISSION  
INDEPENDENT ACCOUNTANT'S REPORT ON  
APPLYING AGREED-UPON PROCEDURES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

# **BAXLEY AND ASSOCIATES, LLC**

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To the Board of Control  
Livingston Parish Library Commission  
Livingston Parish Council

## **INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES**

We have performed the procedures enumerated below, which were agreed to by the Livingston Parish Library Commission and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. The Livingston Parish Library Commission's management is responsible for those control and compliance 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. Procedures: Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
  - 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**, including receiving, recording, and preparing deposits
  - 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, and (5) monitoring card usage
- 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. Note: Ethics requirements are not applicable to nonprofits.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

*Findings:*

We reviewed the written policies and procedures for the related functions listed in the above procedures. Through our review, we were able to determine that the entity has sufficient policies and procedures.

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

**Board (or Finance Committee, if applicable)**

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- 2. Obtain and review the board/committee minutes for the fiscal period, and:
  - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
  - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
  - c) If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
  - d) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

*Findings:*

The Livingston Parish Library met quarterly with a quorum in accordance with their Library charter.

There were references in the minutes of a budget-to-actual comparison on General Fund and other additional funds.

The minutes also included non-budgetary information such as bid proposals, construction contracts, and strategic plans for the future.

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

### **Bank Reconciliations**

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

#### *Findings:*

We reviewed the listing of the client's bank accounts with Whitney National Bank. We received management's representation that the listing is complete and accurate.

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

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
  - a) Bank reconciliations have been prepared;
  - b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
  - c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

#### *Findings:*

We selected 3 bank accounts and obtained the related bank statements and reconciliations for all months in the fiscal year. We reviewed the bank reconciliations to report whether they were prepared, included evidence that management or a board member had reviewed each statement, and included documentation that management has researched reconciling items that have been outstanding for more than six months as of the fiscal period.

On two bank accounts, it was noted that ten months were not reconciled to the general ledger and two months were not approved by management. On another bank account, three months were not reconciled to the general ledger and two months were not approved by management. One bank account also included at least ten checks that were outstanding for greater than six months.

### **Collections**

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5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

#### *Findings:*

We reviewed a listing of cash/check/money order collection locations and management's representation to determine that the listing is complete. There are five collection locations.

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

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not

bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.
- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
  - Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
  - Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

*Findings:*

We performed testing on two bank accounts which included all four collection locations. During testing, we obtained written documentation, which verified that all persons responsible for collecting cash, had no responsibilities for depositing cash in the bank, recording related transactions or reconciling bank statements, and had a separate cash register or drawer from other employees.

We obtained written documentation to determine whether the entity has a formal process to reconcile cash collections to the general ledger and subsidiary ledgers by a person who is not responsible for cash collections at any of the five locations. We selected the highest week of collections from the bank accounts as mentioned above and traced the daily collections to the deposit date on the bank statement to determine that the deposits were made within eight to thirty one days of collection. We also used sequentially numbered receipts or computer generated receipts to verify that cash collections were supported by documents.

During testing, we noted that employees responsible for cash collections were not bonded.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

*Findings:*

We obtained written documentation from management regarding the completeness of

cash collections for each revenue source by a person who is not responsible for collections.  
No exceptions were noted as a result of applying the procedure.

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

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8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

*Findings:*

We reviewed a management listing of entity disbursements from the general ledger.

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

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

*Findings:*

After randomly selecting 25 disbursements from #8 above, we noted that all disbursements had proper invoice support; however, 11 payroll transactions were not approved by a supervisor. Proper approval on all transactions did not include the initiator of the purchase.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

*Findings:*

We reviewed entity documentation to determine whether the party responsible for processing payment is prohibited from adding vendors to the entity's purchasing/disbursement system.

We noted no written policy that prohibits the individual responsible for processing payment from adding vendors. The person responsible for processing payments is also allowed to add vendors.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

*Findings:*

We inquired of management regarding their practices in approving disbursements or signatory authority for the entity to determine that the Library Director and Chairman of the Board have the authority to authorize disbursements. These individuals have no responsibility for initiating or recording purchases.

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

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

*Findings:*

We observed the supply of unused checks being stored in a locked drawer. The key is maintained by an employee who does not have signatory authority.

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

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

*Findings:*

The Library does not have a signature stamp or signature machine. Therefore, this procedure was not applicable to the Library.

### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

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14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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 obtained management's representation that the Library maintains two credit cards, no debit cards and no fuel cards.

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

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation 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) Report whether finance charges and/or late fees were assessed on the selected statements.

*Findings:*

We randomly selected two credit cards and the monthly statements for the selected cards. We selected the largest dollar activity for each card.

We noted that there was evidence of a review on one card by the card holder and the other card transactions were not approved. There were no finance charges or late fees assessed on the selected accounts.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).
  - a) For each transaction, report whether the transaction is supported by:
    - An original itemized receipt (i.e., identifies precisely what was purchased)
    - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
    - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)
  - b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
  - c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

*Findings:*

We examined the monthly statements for the two credit cards selected in #15 above. For each transaction, we examined original receipt, business purpose, authorization, and the Louisiana Public bid law. Five out of twenty-six transactions were not properly supported on one of the cards. Louisiana Public bid law was not applicable in transactions tested. We observed no loans, pledges, or donations of funds, credit, property, or things of value.

***Travel and Expense Reimbursement***

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17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

*Findings:*

We inquired of management to obtain records of all travel and related expense reimbursements by person during the fiscal period. Management provided a list of 11 employees with total travel reimbursements. Representation was provided that the list was complete and

accurate.

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

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

*Findings:*

We obtained the entity's written policies related to travel and expense reimbursements and compared the amounts in the policies to the per diem and mileage rates established by the U. S. General Services Administration.

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

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.
- b) Report whether each expense is supported by:
  - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
  - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
  - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)
- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*Findings:*

We selected the top three persons who incurred the most travel costs as listed in #17 above. We compared expense documentation to written policies, examined original itemized receipts, documentation of business purpose, and other documentation as required. We observed no loans, pledges, or donations of funds, credit, property or things of value.

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

## **Contracts**

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20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

### *Findings:*

Management provided us with a list of contracts that were in effect during the fiscal year December 31, 2017. Management provided representation that the list was true and complete.

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

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:
- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
  - b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
    - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
    - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
  - c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
  - d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
  - e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

### *Findings:*

We examined the listing of vendors and selected the five contract "vendors" that were paid the most money during the fiscal year. We examined formal /written contracts, Louisiana Public bid law, supporting contract documentation, contract amendments, invoice support for the largest payment amounts from each of the five contracts, and board approval in the minutes. All contracts had board approval.

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

## **Payroll and Personnel**

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22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:
- a) Review compensation paid to each employee during the fiscal period and report whether

payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

*Findings:*

We obtained a listing of employees with their related salaries and randomly selected five employees to determine if compensation paid to them was in compliance with the terms of their employment contract. We also checked for any changes made to hourly pay rates/salaries during the fiscal period. Of the five employees selected, none of them had a change in hourly pay rates/salaries during the year.

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

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:
  - a) Report whether 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) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
  - c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

*Findings:*

We selected 25 employees to determine if each selected employee documented their daily attendance and leave, whether there was written documentation that supervisors approved the attendance and leave of the selected employees/officials, and whether there is written documentation that the entity maintained written leave record on the selected employees. We noted no supervisor approval on timesheets and three timesheets lacked vacation/sick leave approval forms.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

*Findings:*

We obtained a list of eighteen terminated employees during the fiscal year. Management provided representation that the list was accurate and complete. We examined and calculated the payments for the two employees with the largest termination payments. Based upon hourly rate and vacation hours remaining at time of termination, one employee was underpaid by \$146.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and

employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

*Findings:*

We obtained supporting documentation relating to payroll taxes and retirement contributions during the fiscal period. We reviewed remittances, cancelled checks, and reporting forms. The supporting documents were remitted timely to the appropriate agencies.

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

***Ethics (excluding nonprofits)***

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26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

*Findings:*

We obtained ethics compliance documentation from management on the five employees selected in procedure #22. We examined the proper ethics training documents for four out of the five employees.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

*Findings:*

We inquired of management whether there were any alleged ethics violations reported to the entity during the fiscal period. No ethics violations were reported or noted during the year.

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

***Debt Service (excluding nonprofits)***

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28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

*Findings:*

No debt was issued during the fiscal year ended December 31, 2017.

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

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

*Findings:*

The Livingston Parish Library Commission has no outstanding debt at December 31, 2017.

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

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report

whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

*Findings:*

The Livingston Parish Library Commission has no tax millages related to debt service.

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

***Other***

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31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

*Findings:*

Per inquiry of management, there was no misappropriation of funds or assets.

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

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at [www.la.gov/hotline](http://www.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

*Findings:*

We observed the Notice required by R.S. 24:523.1 posted on the Library's employee bulletin board located in the Administration building and also on the Library's website.

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

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

*Findings:*

There were no other exceptions noted while performing the Agreed Upon Procedures and none noted in management's representations.

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 control and compliance 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 control and compliance 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  
April 17, 2018

## LIVINGSTON PARISH LIBRARY COMMISSION

### Management's Response to Statewide Agreed-Upon Procedures For the Year Ended December 31, 2017

#### Management's Response to Items:

4. The Library diligently reconciles all statements each month. We keep hard copies of each reconciliation. We believe that the first reconciliation was changed due to an error deletion or correction, which threw off the subsequent reconciliations. As for the management's approval, the bank statements are reviewed twice by the management; prior to and after reconciliation.
6. Correct, only the Library administration and the Board of Control are covered by the errors and omissions policy. The employees who handle cash collections are not bonded.
9. The procedure has been changed and the purchase orders now include the information on the initiator of the purchase. Supervisor approval will be implemented for all future payroll disbursements.
10. The size of the Organization does not allow us to create additional staff to handle such a separation of duties. Vendors are only added when there is an invoice that needs to be paid.
15. Both cardholders routinely review the bank statements. The Library Director also has access to the online credit card management system that allows him to review all transactions and payments. All of the credit card transactions are approved by the Director prior to being processed.
16. The Library administration keeps track and documents all of the credit card transactions. The receipts are provided to support the transactions. Also refer to the response to #15 above.
23. The Library administration recognizes the inadequacies of the paper-based system. The Library is switching to a web-based, automated, Human Capital Management System which will prevent such events from occurring in the future.
24. The Library administration recognizes the inadequacies of the paper-based system. To prevent such error from happening, the Library is switching to a web-based, automated, Human Capital Management System/payroll system and time tracking system.
26. It was an accidental omission by the administration. New procedures have been introduced to avoid such mistakes in the future.