

LIVINGSTON PARISH LIBRARY
COMMISSION
LIVINGSTON, LOUISIANA

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2018

**LIVINGSTON PARISH LIBRARY COMMISSION
TABLE OF CONTENTS
DECEMBER 31, 2018**

	PAGE
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION & ANALYSIS	3-9
BASIC FINANCIAL STATEMENTS	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
NOTES TO FINANCIAL STATEMENTS	16-35
REQUIRED SUPPLEMENTARY INFORMATION	36
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) to Actual, General Fund	37
Schedule of Livingston Parish Library Commission's Proportionate Share of the Net Pension Liability	38
Schedule of Livingston Parish Library Commission's Contributions	39
SUPPLEMENTARY INFORMATION EXHIBITS	40
Non Major Capital Project Funds Balance Sheet	42
Statement of Revenues, Expenditures, and Changes in Fund Balances	43
OTHER SUPPLEMENTARY INFORMATION	44
Schedule of Compensation Paid to Board Members	45
Schedule of Compensation, Benefits, and Other Payments to Agency Head	46
OTHER REPORTS REQUIRED BY GOVERNMENT	
AUDITING STANDARDS	47
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	48-49
Schedule of Findings and Responses	50-51
Summary Schedule of Prior Year Audit Findings	52
INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED- UPON PROCEDURES	53-64

BAXLEY AND ASSOCIATES, LLC

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

Staci H. Joffrion, CPA/CGMA

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, 2018, 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, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 36-39 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 May 3, 2019 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

May 3, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

**LIVINGSTON PARISH LIBRARY COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2018**

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, 2018. 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, 2018, the Library's government wide assets of \$18,305,522 exceeded its liabilities by \$17,728,906 (net position). Of this amount, \$8,288,045 (unrestricted net position) may be used to meet the Library's ongoing obligations at its discretion and the balance of \$9,440,861 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 \$5,297,785 in revenue for current year ad valorem taxes. This was an increase of \$238,482 from 2017 ad valorem tax revenue of \$5,059,303.
- Total revenue for 2018 was \$5,678,440 as compared to the 2017 total of \$5,516,340, a \$162,100 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 2018 decreased by \$972,036 from \$6,128,688 in 2017 to \$5,156,652 in 2018. This decrease is primarily due to the completed 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, 2018**

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, 2018**

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 through 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 page 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
2018 and 2017**

Governmental Activities	2018	2017
Assets:		
Current and Other Assets	\$8,663,362	\$8,076,371
Capital Assets	9,440,861	9,449,853
Other Non-Current Assets	15	15
Net Pension Asset	201,284	-
Total Assets	18,305,522	17,526,239
Deferred Outflows - Pension	249,164	395,049
Liabilities:		
Long-Term Debt Obligations	67,025	301,839
Other Liabilities	413,241	348,038
Total Liabilities	480,266	649,877
Deferred Inflows - Pension	345,514	67,689
Net Position:		
Net Investment in Capital Assets	9,440,861	9,449,853
Unrestricted	8,288,045	7,753,869
Total Net Position	\$17,728,906	\$17,203,722

**LIVINGSTON PARISH LIBRARY COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2018**

The Library's assets at December 31, 2018, exceeded liabilities by \$17,728,906 (net position), with the Library reporting positive balances in both categories of net position. Of the total net position, \$8,288,045 is Unrestricted Net position. The balance of net position includes a total of \$9,440,861 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 \$2,207,655, consisting of funds in certificates of deposit, and receivables consisting primarily of an ad valorem tax receivable of \$5,183,223 and state revenue sharing receivable of \$57,567.

Current Liabilities, totaling \$413,241 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, 2018 and 2017**

Governmental Activities

	2018	2017
Revenues:		
Program revenues:		
Charges for services	\$ 90,960	\$ 39,687
Operating grants and contributions	16,775	127,367
General Revenues:		
Ad Valorem Taxes	5,297,785	5,059,303
State Revenue Sharing	173,364	171,858
Interest Income	36,346	29,425
Donations	7,940	9,149
Miscellaneous	75,586	101,507
Gain on Sale of Assets	-	-
Total Revenues	\$ 5,698,756	\$ 5,538,296
Program Expenses:		
Library Services	5,173,572	4,591,349
Total Expenses	5,173,572	4,591,349
Change in Net Position	525,184	946,947
Beginning Net Position	17,203,722	16,256,775
Ending Net Position	\$ 17,728,906	\$ 17,203,722

**LIVINGSTON PARISH LIBRARY COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2018**

The major component of Program Revenues, totaling \$90,960, consists of charges for fines and fees at branch library locations. The major General Revenue sources are ad valorem taxes totaling \$5,297,785, state revenue sharing totaling \$173,364, and interest earnings totaling \$36,346.

Library expenditures for 2018 totaled \$5,173,572, compared to \$ 4,591,349 in 2017, an increase due to payroll, taxes, and benefits, increasing cost of repairs and maintenance, wider offerings of electronic databases, increased marketing efforts.

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 an excess of revenues over expenditures of \$521,788 resulting in a fund balance of \$8,250,136 at December 31, 2018. 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, 2018 was \$9,440,861. There was no significant change in net capital assets from 2017.

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 6 to the financial statements in this report.

**Capital Assets (Net of Depreciation)
2018 and 2017**

Governmental Activities

Capital Assets

	2018		2017
Land	\$ 1,386,020.00	\$	1,386,020.00
Library Collection	2,924,612.00		3,019,722.00
Building	8,478,871.00		8,275,740.00
Vehicles	282,241.00		59,114.00
Equipment and Furniture	1,164,629.00		957,660.00
Construction in Progress	-		-
Subtotal Capital Assets	14,236,373.00		13,698,256.00
Less: Accumulated Depreciation	(4,795,513.00)		(4,248,404.00)
Capital Assets, Net	\$ 9,440,860.00	\$	9,449,852.00

Library collections of \$266,678 were recorded for the fiscal year ended, with \$361,788 of fully depreciated collections recorded for disposals. Other Furniture and Equipment, including data processing software, computers, and equipment primarily for the Livingston Parish Library and Library Administration Building, and other miscellaneous equipment and furniture purchases, was recorded for \$206,696. Two vehicles and a book mobile were purchased for \$223,127. The Library also recorded \$203,131 in construction in progress.

**LIVINGSTON PARISH LIBRARY COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2018**

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%.

Conclusion

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 excellent programming and services to the public. The five library branches offer extended and 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 enable 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, 2018**

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 1,151,019
Investments	2,207,655
Receivables, net:	
Ad Valorem taxes	5,183,223
State revenue sharing	57,567
Other receivables	1,152
Prepaid insurance	42,338
Prepaid expense	20,408
Capital assets, net of accumulated depreciation	9,440,861
Utility deposits	15
Net pension asset	201,284
Total Assets	<u>18,305,522</u>
DEFERRED OUTFLOWS - PENSION	
Pension Related	<u>249,164</u>
LIABILITIES	
Accounts payable	95,537
Retainage payable	-
Accrued salaries payable	74,693
Deductions from ad valorem taxes	210,742
Other accrued liabilities	7,177
Accrued vacation payable	25,092
Long Term Liabilities	
Accrued sick leave payable	67,025
Total Liabilities	<u>480,266</u>
DEFERRED INFLOWS - PENSION	
Pension Related	<u>345,514</u>
Net Position	
Net invested in capital assets	9,440,861
Unrestricted	8,288,045
TOTAL NET POSITION	<u><u>\$ 17,728,906</u></u>

The accompanying notes are an integral part of this statement.

**LIVINGSTON PARISH LIBRARY COMMISSION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenues from Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities:				
Culture and Recreation				
Support Services				
Library	<u>\$ 5,173,572</u>	<u>\$ 90,960</u>	<u>\$ 16,775</u>	<u>\$ (5,065,837)</u>
Total Governmental Activities	<u><u>\$ 5,173,572</u></u>	<u><u>\$ 90,960</u></u>	<u><u>\$ 16,775</u></u>	<u><u>\$ (5,065,837)</u></u>

General Revenues:	
Ad valorem taxes	5,297,785
Intergovernmental revenue	173,364
Investment earnings	36,346
Other general revenues	<u>83,526</u>
Total General Revenues	<u>5,591,021</u>
Change in Net Position	\$ 525,184
Net Position at Beginning of the Year	<u>17,203,722</u>
Net Position at End of the Year	<u><u>\$ 17,728,906</u></u>

The accompanying notes are an integral part of this statement.

**LIVINGSTON PARISH LIBRARY COMMISSION
GOVERNMENTAL FUNDS
COMBINED BALANCE SHEET
DECEMBER 31, 2018**

	General Fund	Non Major Capital Projects Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,151,019	\$ -	\$ 1,151,019
Investments	2,207,655	-	2,207,655
Receivables, net:			
Ad valorem taxes	5,183,223	-	5,183,223
State revenue sharing	57,567	-	57,567
Other receivables	1,152	-	1,152
Prepaid insurance	42,338	-	42,338
Prepaid expense	20,408	-	20,408
Utility deposits	15	-	15
TOTAL ASSETS	\$ 8,663,377	\$ -	\$ 8,663,377
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 95,537	\$ -	\$ 95,537
Retainage payable	-	-	-
Accrued vacation payable	25,092	-	25,092
Accrued salaries	74,693	-	74,693
Other accrued liabilities	7,177	-	7,177
Deductions from ad valorem taxes	210,742	-	210,742
Total Liabilities	413,241	-	413,241
Fund Balance			
Nonspendable	62,746	-	62,746
Committed	3,678,000	-	3,678,000
Unassigned	4,509,390	-	4,509,390
Total Fund Balances	8,250,136	-	8,250,136
TOTAL LIABILITIES AND FUND BALANCES	\$ 8,663,377	\$ -	

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.	9,440,861
Deferred Outflow	249,164

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	(67,025)
Net pension asset	201,284
Deferred inflow	(345,514)

Net position of governmental activities	\$ 17,728,906
--	----------------------

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, 2018**

	<u>General Fund</u>	<u>Non Major Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Ad valorem taxes	\$ 5,297,785	\$ -	\$ 5,297,785
State revenue sharing	173,364	-	173,364
Fines and fees	90,960	-	90,960
State and Local grants	8,835	-	8,835
Federal funds	-	-	-
Interest	36,346	-	36,346
Donations	7,940	-	7,940
Miscellaneous	63,210	-	63,210
TOTAL REVENUES	<u>5,678,440</u>	<u>-</u>	<u>5,678,440</u>
EXPENDITURES			
Personnel services:			
Salaries	2,248,730	-	2,248,730
Benefits	399,307	-	399,307
Payroll taxes	176,222	-	176,222
Operating services:			
Advertising	34,201	-	34,201
Contracts, licenses and permits	74,748	-	74,748
Insurance	136,585	-	136,585
Professional services	70,965	-	70,965
Miscellaneous	1,056	-	1,056
Postage	3,928	-	3,928
Repairs and maintenance	378,228	-	378,228
Rentals	8,424	-	8,424
Software purchases	-	-	-
Telephone	14,176	-	14,176
Utilities	182,882	-	182,882
Travel	40,023	-	40,023
Library material and supplies:			
Databases	71,328	-	71,328
Library books and periodicals (non-capital)	111,174	-	111,174
Office supplies	59,651	-	59,651
Reading program	34,377	-	34,377
Intergovernmental expenditures	210,742	-	210,742
Capital outlays	696,774	203,131	899,905
TOTAL EXPENDITURES	<u>4,953,521</u>	<u>203,131</u>	<u>5,156,652</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	724,919	(203,131)	521,788
OTHER FINANCING SOURCES (USES)			
Operating transfer in (out) - capital projects fund	<u>(203,131)</u>	<u>203,131</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(203,131)</u>	<u>203,131</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	521,788	-	521,788
FUND BALANCE, Beginning	<u>7,728,348</u>	<u>-</u>	<u>7,728,348</u>
FUND BALANCE, Ending	<u><u>\$ 8,250,136</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 8,250,136</u></u>

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, 2018**

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

Net Change in fund balances - total governmental funds (page 14)	\$ 521,788
--	------------

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.

Non-employer contributions to cost-sharing pension plan	20,316
---	--------

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.

Expenditures for capital assets	\$ 899,905	
Less:		
Current year depreciation	(908,897)	(8,992)
Pension expense		(6,906)

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.	(1,022)
---	---------

Change in net position of governmental activities (page 12)	<u><u>\$ 525,184</u></u>
--	---------------------------------

The accompanying notes are an integral part of this statement.

LIVINGSTON PARISH LIBRARY COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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.

Non 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, 2018. 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, 2018.

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)

Description	Estimated Lives
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, 2018, 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 1st of each year. Taxes are levied in September or October and billed to taxpayers in November. Billed taxes become delinquent on January 1st 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.

	Authorized Millage	Levied Millage	Expiration Date of Millage
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, 2018 was legally adopted on November 21, 2017. The budget is monitored by the Board and amended as needed. The budget was amended for the fiscal year ended December 31, 2018 on November 20, 2018. Unexpended budget balances lapse at year-end.

NOTE 3 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

At December 31, 2018, the Library has cash and cash equivalents (book balances) as follows:

	12/31/2018
Demand deposits	\$ 1,151,019
Certificates of deposits held as investments (Note 4)	2,207,655
	\$ 3,358,674

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, 2018, the Library had \$3,431,084 in deposits (collected bank balances) consisting of \$1,223,429 in demand deposits and \$2,207,655 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 \$3,181,084 was covered by pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). The \$3,181,084 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 \$2,207,655 within one local bank at December 31, 2018. 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, 2018, 100% of the Library's investment balances were exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's name.

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

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

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

At December 31, 2018, the Library held certificates of deposit, with an original maturity greater than 90 days, totaling \$2,207,655. These investments are stated on the balance sheet at market value and are as follows:

Descriptions	Cost	Fair Value	Maturity Date	Interest Rate
Certificates of Deposit	\$ 785,682	\$ 785,682	1/31/2020	0.84%
Certificates of Deposit	\$ 608,816	\$ 608,816	1/19/2019	0.50%
Certificates of Deposit	\$ 813,157	\$ 813,157	7/19/2020	1.15%
Total	<u>\$ 2,207,655</u>	<u>\$ 2,207,655</u>		

NOTE 4 – RECEIVABLES AND REVENUES

Ad valorem taxes attach as an enforceable lien on property as of January 1st 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 1st 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, 2018:

Description	Governmental Activities
Other Receivables	\$ 1,152
Ad Valorem Taxes	5,183,223
State Revenue Sharing	<u>57,567</u>
Total Governmental Receivables	<u>\$ 5,241,942</u>

NOTE 5 – AD VALOREM TAXES

For the year ended December 31, 2018, taxes of 10.00 mills were levied on property with assessed valuations totaling \$539,919,105. Total taxes levied were \$5,399,191.

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

NOTE 5 – AD VALOREM TAXES (continued)

Total taxes assessed and taxes receivable at December 31, 2018, are as follows:

Property tax assessed	\$	5,399,191
Less: Current amounts deemed uncollectible		(215,968)
Net 2018 property taxes deemed collectible		<u>5,183,223</u>
Prior year taxes collected in excess of prior year receivable in 2018		-
Net property tax revenues	\$	<u><u>5,183,223</u></u>
Net property taxes deemed collectible	\$	5,183,223
Less: Amounts collected prior to December 31, 2018		-
Taxes receivable - current year		<u>5,183,223</u>
Prior year tax receivable at December 31, 2017		<u>4,934,022</u>
Less: Prior year tax collected in 2018		-
Prior year taxes collected in 2018		<u>4,934,022</u>
Total property taxes receivable at December 31, 2018	\$	<u><u>5,183,223</u></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, 2018 for governmental activities is as follows:

	Balance December 31, 2017	Increases	Decreases	Balance December 31, 2018
Governmental Activities Capital Assets:				
Capital assets not being depreciated:				
Land	\$ 1,386,020	\$ -	\$ -	\$ 1,386,020
Construction in progress	-	203,131	203,131	-
Total capital assets not being depreciated	<u>1,386,020</u>	<u>203,131</u>	<u>203,131</u>	<u>1,386,020</u>
Capital assets being depreciated				
Furniture and equipment	957,660	206,969	-	1,164,629
Vehicles	59,114	223,127	-	282,241
Buildings	8,275,740	203,131	-	8,478,871
Library collection	3,019,722	266,678	(361,788)	2,924,612
Total capital assets being depreciated	<u>12,312,236</u>	<u>899,905</u>	<u>(361,788)</u>	<u>12,850,353</u>
Less Accumulated Depreciation for:				
Furniture and equipment	748,602	55,183	-	803,785
Vehicles	49,056	11,596	-	60,652
Buildings	1,675,952	415,760	-	2,091,712
Library collection	1,774,794	426,358	(361,788)	1,839,364
Total Accumulated Depreciation	<u>4,248,404</u>	<u>908,897</u>	<u>(361,788)</u>	<u>4,795,513</u>
Total capital assets being depreciated, net	<u>8,063,832</u>	<u>(8,992)</u>	<u>-</u>	<u>8,054,840</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 9,449,852</u>	<u>\$ 194,139</u>	<u>\$ 203,131</u>	<u>\$ 9,440,860</u>

Depreciation was charged to governmental functions as follows:

Library services	<u>\$ 908,897</u>
------------------	-------------------

Library collections of \$266,678 were recorded for the fiscal year ended, with \$361,788 of fully depreciated collections recorded for disposals. Other Furniture and Equipment, including data processing software, computers, and equipment primarily for the Livingston Library and the Library Administration Building, and other miscellaneous equipment and furniture purchases, was recorded for \$206,696. Two vehicles and a bookmobile were purchased for \$223,127. The Library also recorded \$203,131 in construction in progress.

**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, 2017. Access to the audit report can be found on the System's website: www.persla.org or on the Office of Louisiana Legislative Auditor's official website: www.lla.state.la.us.

Retirement Benefits:

Any member of Plan 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, 2017, actuarially determined rate was 6.75% of member's compensation for Plan B. However, the actual rate for the fiscal year ending December 31, 2017 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, 2018 was 7.50%. 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, 2018, 2017, and 2016 were \$129,463, \$129,641, and \$144,680, respectively.

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

At December 31, 2018, the Library reported an asset of (\$201,284) for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017 and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation of that date. The Library's proportion of the net pension asset was based on a projection of the Library's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2017, the Library's proportion was 1.599771%, which was a decrease of 0.215644% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2017, the Library recognized pension expense of \$136,368 less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, (\$85).

At December 31, 2018, 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	\$ -	\$ (104,826)
Changes of assumptions	118,430	-
Net difference between projected and actual earnings on pension plan investments	-	(236,902)
Changes in proportion and differences between Employer contributions and proportionate share of contributions	1,271	(3,786)
Employer contributions subsequent to the measurement date	<u>129,463</u>	<u>-</u>
Total	<u>\$ 249,164</u>	<u>\$ (345,514)</u>

The Library reported a total of \$129,463 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of December 31, 2017, which will be recognized as a reduction in net pension liability for the year ended December 31, 2019.

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

<u>Year</u>	
2019	\$ (11,193)
2020	(33,538)
2021	(89,263)
2022	<u>(91,819)</u>
	<u>\$ (225,813)</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, 2017 is as follows:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	4 years
Investment Rate of Return	6.75%, net of investment expense, including inflation
Projected Salary Increases	5.25% (2.75% Merit/2.50% Inflation)
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees.
Mortality	RP-2000 Employee Sex Distinct Table was selected for employees. RP-2000 Healthy Annuitant Sex Distinct Tables were selected for annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.
Inflation Rate	2.50%

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the capital asset pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward-looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.62% for the year ended December 31, 2017. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2017 are summarized in the following table:

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

NOTE 7 – PENSION PLAN (continued)

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

Mortality Rate:

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2010 through December 31, 2014. The data was 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 5.75%	Current Discount Rate 6.75%	1.0% Increase 7.75%
Net Pension Liability	\$ 428,902	\$ (201,284)	\$ (732,868)

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

NOTE 8 – COMPENSATED ABSENCES

At December 31, 2018, 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 \$25,092 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, 2018 totaling \$67,025 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, 2018:

Governmental Funds Payable	2018
Accounts payable	\$ 95,537
Accrued vacation payable	25,092
Accrued salaries	74,693
Retainage payable	-
Other accrued liabilities	7,177
Deduction from ad valorem taxes	210,742
Total Government Funds Payable	\$ 413,241

NOTE 10 – OPERATING LEASES

At December 31, 2018, 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	
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, 2018, 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, 2018, the General Fund of the Library had nonspendable fund balance of \$ 62,746 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 May 3, 2019, 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, 2018.

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, 2018**

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance Favorable (Unfavorable)
	Original Budget	Final Budget		
REVENUES				
Ad valorem taxes	\$ 4,934,022	\$ 5,047,662	\$ 5,297,785	\$ 250,123
State revenue sharing	170,940	173,695	173,364	(331)
Fines and fees	36,069	95,600	90,960	(4,640)
Grants	4,500	8,835	8,835	-
Donations	8,484	9,200	7,940	(1,260)
Interest	24,075	19,500	36,346	16,846
Emergency Recovery Fund	112,092	112,092	-	(112,092)
Miscellaneous	65,260	62,896	63,210	314
TOTAL REVENUES	5,355,442	5,529,480	5,678,440	148,960
EXPENDITURES				
Personnel services:				
Salaries	2,196,655	2,279,950	2,248,730	31,220
Benefits	390,385	423,589	399,307	24,282
Payroll taxes	167,930	174,400	176,222	(1,822)
Operating services:				
Advertising	28,000	32,850	34,201	(1,351)
Contracts, licenses and permits	51,000	37,000	74,748	(37,748)
Dues and subscriptions	2,647	-	-	-
Insurance	135,527	115,406	136,585	(21,179)
Professional services	56,320	60,118	70,965	(10,847)
Miscellaneous	600	1,036	1,056	(20)
Postage	2,000	3,900	3,928	(28)
Repairs and maintenance	591,770	325,621	378,228	(52,607)
Rentals	9,000	8,424	8,424	-
Software purchases	6,000	6,000	-	6,000
Telephone	12,818	13,791	14,176	(385)
Utilities	176,070	192,863	182,882	9,981
Travel	30,000	30,600	40,023	(9,423)
Library materials and supplies:				
Databases	85,000	80,400	71,328	9,072
Library books and periodicals (non-capital)	244,000	252,500	111,174	141,326
Office supplies	53,899	58,535	59,651	(1,116)
Reading programs	35,000	31,975	34,377	(2,402)
Intergovernmental expenditures	197,360	199,200	210,742	(11,542)
Capital outlays	599,072	687,974	696,774	(8,800)
TOTAL EXPENDITURES	5,071,053	5,016,132	4,953,521	62,611
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	284,389	513,348	724,919	211,571
OTHER FINANCING SOURCES (USES)				
Operating transfer (out) - capital projects fund	-	-	(203,131)	(203,131)
NET CHANGE IN FUND BALANCE	284,389	513,348	521,788	8,440
FUND BALANCE, Beginning	7,728,348	7,728,348	7,728,348	-
Restatement of beginning fund balance	-	-	-	-
FUND BALANCE, Beginning as restated	7,728,348	7,728,348	7,728,348	-
FUND BALANCE, Ending	\$ 8,012,737	\$ 8,241,696	\$ 8,250,136	\$ 8,440

**LIVINGSTON PARISH LIBRARY COMMISSION
SCHEDULE OF LIVINGSTON PARISH LIBRARY COMMISSION'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2018**

<u>Year Ended December 31,</u>	<u>Employer Proportion of the Net Pension Liability (Asset)</u>	<u>Employer Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2018	1.599771%	\$ (201,284)	\$ 1,717,902	11.7168%	104.02%
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, 2018

Year Ended December 31,	Contractually Required Contribution	Contributions in Relation to Contractual Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2018	\$ 129,463	\$ 129,463	\$ -	\$ 1,717,902	7.5361%
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.

SUPPLEMENTARY INFORMATION EXHIBITS

NON MAJOR CAPITAL PROJECTS FUND

LIVINGSTON PARISH LIBRARY COMMISSION
 BALANCE SHEET
 CAPITAL PROJECTS FUND
 DECEMBER 31, 2018

		<u>Capital Projects Fund</u>
ASSETS		
Cash and cash equivalents	\$	-
Investments		-
Receivables, net:		
Ad valorem taxes		-
State revenue sharing		-
Other receivables		-
Prepaid insurance		-
Prepaid expense		-
Utility deposits		-
		<hr/>
TOTAL ASSETS	\$	-
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$	-
Retainage payable		-
Accrued vacation payable		-
Accrued salaries		-
Other accrued liabilities		-
Deductions from ad valorem taxes		-
		<hr/>
Total Liabilities		-
Fund Balance		
Nonspendable		-
Committed		-
Unassigned		-
		<hr/>
Total Fund Balances		-
TOTAL LIABILITIES AND FUND BALANCES	\$	-

LIVINGSTON PARISH LIBRARY COMMISSION
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

		<u>Capital Projects Fund</u>
REVENUES		
Ad valorem taxes	\$	-
State revenue sharing		-
Fines and fees		-
Grants		-
Donations		-
Interest		-
Miscellaneous		-
TOTAL REVENUES		<u>-</u>
EXPENDITURES		
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		203,131
TOTAL EXPENDITURES		<u>203,131</u>
	EXPENDITURES	<u>(203,131)</u>
OTHER FINANCING SOURCES		
Operating transfer in - capital projects fund		203,131
NET CHANGE IN FUND BALANCE		-
FUND BALANCE, Beginning		<u>-</u>
FUND BALANCE, Ending		<u>\$ -</u>

OTHER SUPPLEMENTARY INFORMATION

LIVINGSTON PARISH LIBRARY COMMISSION
 SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS
 FOR THE YEAR ENDED DECEMBER 31, 2018

Board Member	Compensation Received
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	\$ -

LIVINGSTON PARISH LIBRARY COMMISSION
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2018

Agency Head Name: Giovanni Tairov, Director

Purpose	Amount
Salary	\$ 82,017
Employer paid payroll taxes	6,519
Benefits - retirement	6,425
Cell phone reimbursement	1,116
Travel - mileage reimbursements	2,844
Conference registration and expenses	451
Dues	
Total	\$ 99,372

**OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

BAXLEY AND ASSOCIATES, LLC

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

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

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, 2018, 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 May 3, 2019.

Internal Control Over Financial Reporting

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

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 2018-001 and 2018-002.

**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 ACCORDANCE 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
May 3, 2019

**LIVINGSTON PARISH LIBRARY COMMISSISON
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2018**

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 were two significant deficiencies 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

2018-001 LACK OF SUPPORT

Condition:

In performing tests of cash disbursements and other tests of expenditures, we noted a few original receipts were missing from travel and some receipts did not identify the participants on the meal receipts. We also noted in April and December 2018 that there was a large group of checks with only one signature.

Criteria:

Documentation for travel lacked original receipts and participant names on invoices.

Effect:

Original receipts with business purpose and participant names should be included as support for cash disbursements. The Library's policy requires dual signatures on all checks.

Recommendation:

Management should review invoices for proper support, business purpose, participant names, and follow the Library's policies and procedures of dual signatures.

Management's Response:

Numerous attempts to obtain proper supporting documentation from the hotel and airlines were made. The Library was unsuccessful in receiving the original receipts.

2018-002 LONG-TERM OUTSTANDING CHECKS

Condition:

The Library had long-term outstanding checks on bank reconciliations that exceed one year. This is a repeat finding.

**LIVINGSTON PARISH LIBRARY COMMISSION
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2018**

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.

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 outstanding checks from 2011 through 2014 have been voided. Going forward, the Library will review all outstanding checks that are older than 90 days. Vendors will be contacted to verify that payments have been cleared.

**LIVINGSTON PARISH LIBRARY COMMISSION
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018**

2017-001 YEAR-END ADJUSTMENTS

Condition:

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

Recommendation:

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

Current Status:

The condition was corrected in the current year.

2017-002 LONG-TERM OUTSTANDING CHECKS

Condition:

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

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.

Current Status:

This finding still exists in the current year.

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

BAXLEY AND ASSOCIATES, LLC

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

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

Staci H. Joffrion, CPA/CGMA

To the Board of Control
Livingston Parish Library Commission
Livingston Parish Council
And the Louisiana Legislative Auditor's Office

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, 2018 through December 31, 2018. 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. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time

and attendance records, including leave and overtime worked.

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

Findings:

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

Board (or Finance Committee, if applicable)

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Findings:

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

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Findings:

We were provided with a complete listing of the client's bank accounts with management's representation that the listing was complete. There were three bank accounts listed. All three of the bank accounts were reconciled within one month of the bank statement; however, one reconciliation had nine outstanding checks that were greater than one year outstanding. There was no evidence of management review on the bank reconciliations for any of the three accounts.

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Findings:

We received a listing of the deposit sites where deposits for cash/checks/money orders are prepared along with management's representation that the listing was complete.

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

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

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

Findings:

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

We inspected written policies and procedures to note that the employees responsible for cash collections do share cash drawers; however, each employee has their own log in to access the cash drawer. Therefore, each transaction can be traced to an employee. Each employee responsible for collecting cash is not responsible for preparing and/or making bank deposits. Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers. The employee responsible for reconciling cash collections to the general ledger is not responsible for collecting cash.

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

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

Findings:

Management attested that all employees who handle cash are covered by a theft policy.

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

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

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
- e) Trace the actual deposit per the bank statement to the general ledger.

Findings:

We were able to trace system reports and other related collection documentation to the deposit slips for all deposits selected. We were also able to trace the deposit slip totals to the actual deposits per the bank statements. The deposits were made within ten days of receipt to the deposit site.

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)

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

Findings:

We received a listing of the location that processes payments along with management's representation that the listing was complete.

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

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Findings:

We observed that at least two employees are involved with initiating a purchase request, approving a purchase, and placing the order/making the purchase. At least two employees are involved in processing and approving payment to vendors. The employee responsible for processing payments is also responsible for adding/modifying vendor files but the director and assistant director periodically review vendor files. The signed checks are given to an employee to mail who is not responsible for processing payments.

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

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
- a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Findings:

We were provided with a complete listing of the Library's non-payroll disbursement transaction population along with management's representation that the population was complete. On the five randomly selected disbursements, we were able to match the related original invoice/billing statement to the disbursement recorded on the books of the Library. We were also able to determine that at least two employees were involved in initiating a purchase request,

approving the purchase, and placing the order. At least two employees were also involved in processing and approving payments to vendors.

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

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

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

Findings:

We were provided with a listing of all active credit cards, bank debit cards, fuel cards, and P-cards for the fiscal period, including the card numbers and the name of the persons who maintained possession of the cards along with management's representation that the listing was complete.

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

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.

Findings:

The Library has only three cards so we selected all three to test. All three of the statements had evidence of management's review and approval. Not all supporting documentation was approved in writing by management. One card was approved by the authorized card holder.

There were no finance charges and late fees assessed on the selected statements.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Findings:

One credit card statement had no activity in the month selected. Between the other two cards, nineteen of the twenty selected transactions were supported by an original itemized receipt that identified precisely what was purchased and written documentation of public use. None of the selected transactions were for meal charges.

Travel and Expense Reimbursement

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Findings:

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

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Findings:

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

Payroll and Personnel

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

Findings:

We received a listing of all employee employed during the fiscal period along with management's representation that the listing was complete.

Two of the five employees selected did not have the current payrates updated in their personnel files.

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

Findings:

All employees selected documented their daily attendance and leave and this documentation was approved by a supervisor. Any leave accrued or taken during the pay period was reflected in the entity's cumulative leave records.

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

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

Findings:

We received a listing of all employees terminated during the fiscal period along with management's representation that the listing was complete. We were able to agree the hours paid out to the employees to their cumulative leave records. One of the two employees selected did not have the most current authorized pay rate in their employee personnel files.

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

Findings:

We received management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation

premiums have been paid, and associated forms have been filed, by required deadlines.

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

Ethics (excluding nonprofits)

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Findings:

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

Debt Service (excluding nonprofits)

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

Findings:

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

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Findings:

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

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Findings:

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

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Findings:

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

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those 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
May 3, 2019

LIVINGSTON PARISH LIBRARY COMMISSION

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

Management's Response to Items:

3. The Library Administration reviews all bank account reconciliations every month. However, the matter of outstanding checks was never presented or mentioned to the administration by the former accountant. Since the note of the finding, the matter was immediately addressed. Going forward, the administration will review all outstanding checks older than 90 days.
12. Effective immediately, the credit card statements will be reviewed and approved by someone other than the authorized credit card holder.
13. The Library will make sure that all of the credit card transactions have supporting documents/receipts.
16. The Library has switched to the electronic human resources records management software to eliminate such errors. A regular review of the personnel records has been instituted.
18. The Library has switched to the electronic human resources records management software to eliminate such errors. A regular review of the personnel records has been instituted.