

Livingston Parish Library Commission
(a component unit of the
Livingston Parish Council)
Livingston, Louisiana

Annual Financial Statements

As of and for the Year Then Ended December 31, 2014
With Supplemental Information Schedules



BRUCE HARRELL & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
A Professional Accounting Corporation

Livingston Parish Library Commission
Annual Financial Statements
As of and for the Year Ended December 31, 2014
With Supplemental Information Schedules

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Livingston Parish Library Commission
Annual Financial Statements
As of and for the Year Ended December 31, 2014
With Supplemental Information Schedules

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Independent Auditor's Report

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

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, 2014, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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.

To the Board of Control
Livingston Parish Library Commission
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 Livingston Parish Library Commission, as of December 31, 2014, and the respective changes in the financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, including management's discussion and analysis and budgetary comparison information on pages 8-13 and page 38, 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 response 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 Matters

Our audit was conducted for the purpose of forming opinions of 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 are not a required part of the basic financial statements.

The accompanying schedules listed as Other Supplemental Information in the table of contents 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. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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To the Board of Control
Livingston Parish Library Commission
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2015, based on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit.

A handwritten signature in black ink that reads "Bruce Harrell & Co." with a stylized flourish at the end.

Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

Kentwood, Louisiana
June 29, 2015

Required Supplemental Information (Part I)
Management's Discussion and Analysis

**Livingston Parish Library Commission
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended December 31, 2014**

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, 2014. 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, 2014, the Library's government wide assets of \$15,655,897 exceeded its liabilities by \$15,219,132 (net position). Of this amount, \$8,087,052 (unrestricted net position) may be used to meet the Library's ongoing obligations at its discretion and the balance of \$7,132,080 represents its net investment in capital assets.
- Ad Valorem taxes reflect a 10.00 mill tax approved by the voters in 2005 and renewed in 2014. The ad valorem tax expires in 2024. The millage resulted in \$4,676,988 in revenue for current year ad valorem taxes. This was an increase of \$203,352 from 2013 ad valorem tax revenue of \$4,473,636. Total ad valorem taxes for the fiscal year ended December 31, 2014, also included \$44,382 of prior year ad valorem tax revenue.
- Total revenue for 2014 was \$5,007,272 as compared to the 2013 total of \$4,880,873. This revenue includes parish ad valorem taxes, state revenue sharing, interest, grant funds, charges for photocopies and faxes, fines, donations, and miscellaneous fees.
- On the fund financial statements, library expenditures for 2014 increased by \$83,877 from \$4,370,164 in 2013 to \$ 4,454,041. This increase was primarily due to increases in salaries of \$176,100, intergovernmental expenditures of \$66,430, and repairs and maintenance of \$37,130 with a decrease in capital outlay of \$186,914.

**Livingston Parish Library Commission
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended December 31, 2014**

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 15 and 16.

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. 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

**Livingston Parish Library Commission
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended December 31, 2014**

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 18 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 19 and 21.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided within the government-wide and fund financial statements. The notes to the financial statements can be found beginning on pages 23 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 15 of this report.

**Condensed Statement of Net Position
2014 and 2013**

	<u>Governmental Activities</u>	
	<u>2014</u>	<u>2013</u>
Assets:		
Current and Other Assets	\$ 8,523,802	\$ 7,849,794
Capital Assets	7,132,080	7,490,121
Other Non-Current Assets	15	15
Total Assets	<u>15,655,897</u>	<u>15,339,930</u>
Liabilities:		
Long-Term Debt Obligations	88,804	87,407
Other Liabilities	347,961	305,629
Total Liabilities	<u>436,765</u>	<u>393,036</u>
Net Position:		
Net Investment in Capital Assets	7,132,080	7,490,121
Restricted	-	-
Unrestricted	8,087,052	7,456,773
Total Net Position	<u>\$ 15,219,132</u>	<u>\$ 14,946,894</u>

The Library's assets at December 31, 2014, exceeded liabilities by \$15,219,132 (net position), with the Library reporting positive balances in both categories of net position. Of the total net position, \$8,087,052 is Unrestricted Net position. The balance of net position includes a total of \$7,132,080 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.

**Livingston Parish Library Commission
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended December 31, 2014**

The largest components of the "Current and Other Assets" category are investments totaling \$3,078,319, consisting of funds in certificates of deposit, and receivables consisting primarily of an ad valorem tax receivable of \$4,169,868 and state revenue sharing receivable of \$54,473.

Current Liabilities, totaling \$347,961 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, 2014 and 2013**

	Governmental Activities	
	2014	2013
Revenues:		
Program Revenues:		
Charges for Services	\$ 52,424	\$ 75,858
General Revenues:		
Ad Valorem Taxes	4,676,988	4,473,636
State Revenue Sharing	163,417	165,099
Grants	26,168	11,642
Interest Income	29,219	86,753
Donations	8,219	6,580
Miscellaneous	50,945	61,305
Gain on Sale of Assets	2,318	-
Total Revenues	5,009,698	4,880,873
Program Expenses:		
Library Services	4,737,460	4,406,323
Total Expenses	4,737,460	4,406,323
Change in Net Position	272,238	474,550
Net Position, Beginning Before Prior Period Adjustment	14,951,735	14,477,126
Prior Period Adjustment (Note 16)	(4,841)	(4,782)
Net Position, Beginning After Prior Period Adjustment	14,946,894	14,472,344
Net Position, Ending	\$ 15,219,132	\$ 14,946,894

The major component of Program Revenues, totaling \$52,424, consists of charges for fines and fees at branch library locations. The major General Revenue sources are ad valorem taxes totaling \$4,676,988, state revenue sharing totaling \$163,417, and interest earnings totaling \$29,219.

The ad valorem taxes, including prior year taxes, increased \$203,352 from last year. State revenue sharing decreased \$1,682 from last year.

Program expenses of \$4,737,460 shown in the Condensed Statement of Changes in Net Position are not detailed since the level of detail for presentation of expenses on a functional basis would be the same as presented in the Statement of Activities on page 16. The largest expense category of expenses was for personnel services totaling \$2,721,250.

**Livingston Parish Library Commission
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended December 31, 2014**

Other significant expenses include repairs and maintenance at \$275,902, utilities at \$188,969, and intergovernmental payments of \$245,500.

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 18 to 21 of this report. Within the fund statements, the Library recorded a surplus of revenues and other sources over expenditures and other uses of \$631,585 resulting in a fund balance of \$8,175,856 at December 31, 2014. 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, 2014 was \$7,132,080 (net of depreciation). There was an overall decrease in net capital assets of \$358,041, primarily from the sale of land and depreciation expense.

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

**Capital Assets (Net of Depreciation)
2014 and 2013**

Capital Assets	Governmental Activities	
	2014	2013
Land	\$ 1,386,020	\$ 1,462,056
Library Collection	3,154,997	3,257,443
Building	5,030,007	5,030,007
Vehicles	59,114	38,507
Equipment and Furniture	806,724	775,583
Construction in Progress	18,860	-
Subtotal Capital Assets	<u>10,455,722</u>	<u>10,563,596</u>
Less: Accumulated Depreciation	<u>(3,323,642)</u>	<u>(3,073,475)</u>
Capital Assets, Net	<u><u>\$ 7,132,080</u></u>	<u><u>\$ 7,490,121</u></u>

Library collections of \$355,376 were recorded for the fiscal year ended, with \$457,822 of fully depreciated collections recorded for disposals. A new Dodge Caravan was purchased in the amount of \$20,607. Other Furniture and Equipment, including data processing software, security gates, and equipment primarily for the Livingston Library and the Library Administration Building, and other miscellaneous equipment and furniture purchases, was recorded for \$74,664. Fully depreciated shelving and other surplus items totaling \$43,523 were disposed. Land with a cost of \$76,036 was sold at a gain for \$78,354. The Library also recorded \$18,860 in construction in progress for the planning of the Denham Spring/Walker Branch Expansion.

**Livingston Parish Library Commission
Management's Discussion and Analysis (Unaudited)
As of and for the Year Ended December 31, 2014**

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%.

Other Factors Affecting the Library

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

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

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

Contacting the Library's Financial Management

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

Basic Financial Statements

Government-Wide Financial Statements

Livingston Parish Library Commission
Statement of Net Position
As of December 31, 2014

Statement A

		<u>Primary Government Governmental Activities</u>
Assets		
Current Assets:		
Cash and Cash Equivalents	\$	1,189,151
Investments		3,078,319
Receivables, Net:		
Ad Valorem Taxes		4,169,868
State Revenue Sharing		54,473
Other Receivable		12
Prepaid Insurance		31,979
Total Current Assets		<u>8,523,802</u>
Capital Assets:		
Land		1,386,020
Library Collection		3,154,997
Capital Assets, Net		<u>2,591,063</u>
Total Capital Assets		<u>7,132,080</u>
Other Non-Current Assets:		
Utility Deposits		<u>15</u>
Total Assets		<u>15,655,897</u>
Liabilities		
Current Liabilities:		
Accounts Payable		45,661
Accrued Salaries Payable		65,781
Deductions from Ad Valorem Taxes		182,047
Other Accrued Liabilities		25,078
Accrued Vacation Payable		29,394
Total Current Liabilities		<u>347,961</u>
Long Term Liabilities:		
Accrued Sick Leave Payable		<u>88,804</u>
Total Long Term Liabilities		<u>88,804</u>
Total Liabilities		<u>436,765</u>
Net Position		
Net Investment in Capital Assets		7,132,080
Unrestricted		8,087,052
Total Net Position	\$	<u><u>15,219,132</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, 2014**

Expenses:

Library Services:	
Salaries and Related Benefits	\$ 2,721,250
Operating Services	717,580
Travel	28,808
Library Materials and Supplies	272,901
Intergovernmental Expenses	245,500
Depreciation Expense	751,421
	<hr/>
Total Expenses	4,737,460
	<hr/>

Program Revenues

Fees, Fines, and other Charges for Services	52,424
Grants	26,168
	<hr/>
Total Program Revenues	78,592
	<hr/>

General Revenues:

Ad Valorem Taxes	4,676,988
State Revenue Sharing	163,417
Interest	29,219
Net Gain (Loss) on Disposal of Assets	2,318
Miscellaneous	50,945
Donations - Cash	8,219
	<hr/>
Total General Revenues	4,931,106
	<hr/>

Change in Net Position

272,238

Net Position - Beginning Before Prior Period Adjustment

14,951,735

Prior Period Adjustment (Note 16)

(4,841)

Net Position - Beginning After Prior Period Adjustment

14,946,894

Net Position - End of Year

\$ 15,219,132

The accompanying notes are an integral part of this statement.

Basic Financial Statements

Fund Financial Statements

Livingston Parish Library Commission
Balance Sheet, Governmental Funds
As of December 31, 2014

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Assets			
Cash and Equivalents	\$ 1,189,151	\$ -	\$ 1,189,151
Investments	3,078,319	-	3,078,319
Receivables, Net:			-
Ad Valorem Taxes	4,169,868	-	4,169,868
State Revenue Sharing	54,473	-	54,473
Other Receivable	12	-	12
Prepaid Insurance	31,979	-	31,979
Utility Deposits	15	-	15
Total Assets	<u>\$ 8,523,817</u>	<u>\$ -</u>	<u>\$ 8,523,817</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable	\$ 45,661	\$ -	\$ 45,661
Accrued Vacation Payable	29,394	-	29,394
Accrued Salaries	65,781	-	65,781
Other Accrued Liabilities	25,078	-	25,078
Deductions from Ad Valorem Taxes	182,047	-	182,047
Total Liabilities	<u>347,961</u>	<u>-</u>	<u>347,961</u>
Fund Balances:			
Nonspendable (Note 15)	31,979	-	31,979
Committed (Note 15)	3,100,000	-	3,100,000
Unassigned	5,043,877	-	5,043,877
Total Fund Balances	<u>8,175,856</u>	<u>-</u>	<u>8,175,856</u>
Total Liabilities and Fund Balances	<u>\$ 8,523,817</u>	<u>\$ -</u>	<u>\$ 8,523,817</u>

The accompanying notes are an integral part of this statement.

**Livingston Parish Library Commission
Reconciliation of the Governmental Fund Balance Sheet
to the Government-Wide Financial Statement of Net Position
As of December 31, 2014**

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

Fund Balances, Total Governmental Funds (Statement C)	\$ 8,175,856
Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds.	
Governmental capital assets net of depreciation	7,132,080
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 Payable	(88,804)
Net Position of Governmental Activities (Statement A)	<u>\$ 15,219,132</u>

The accompanying notes are an integral part of this statement.

Livingston Parish Library Commission
Statement of Revenues, Expenditures and
Changes in Fund Balances
For the year ended December 31, 2014

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Governmental Funds</u>
Revenues			
Ad Valorem Taxes	\$ 4,676,988	\$ -	\$ 4,676,988
State Revenue Sharing	163,417	-	163,417
Fines and Fees	52,424	-	52,424
Grants	26,168	-	26,168
Interest	29,219	-	29,219
Donations	8,219	-	8,219
Miscellaneous	50,837	-	50,837
Total Revenues	<u>5,007,272</u>	<u>-</u>	<u>5,007,272</u>
Expenditures			
Personnel Services:			
Salaries	2,187,799	-	2,187,799
Benefits	365,624	-	365,624
Payroll Taxes	166,430	-	166,430
Operating Services:			
Dues and Subscriptions	3,493	-	3,493
Insurance	90,434	-	90,434
Professional Services	64,584	-	64,584
Miscellaneous	71,443	-	71,443
Postage	4,691	-	4,691
Repairs and Maintenance	275,902	-	275,902
Rentals	17,388	-	17,388
Software Purchases	671	-	671
Utilities	188,969	-	188,969
Travel	28,808	-	28,808
Library Materials and Supplies:			
Databases	88,079	-	88,079
Library Books and Periodicals (non capital)	64,009	-	64,009
Office Supplies	80,571	-	80,571
Summer Reading Program	40,139	-	40,139
Intergovernmental Expenditures	245,500	-	245,500
Capital Outlays	450,647	18,860	469,507
Total Expenditures	<u>4,435,181</u>	<u>18,860</u>	<u>4,454,041</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>572,091</u>	<u>(18,860)</u>	<u>553,231</u>
Other Financing Sources (Uses)			
Operating Transfers (Out) - Capital Projects Fund	(18,860)	18,860	-
Sale of Fixed Assets	78,354	-	78,354
Total Other Financing Sources (Uses)	<u>59,494</u>	<u>18,860</u>	<u>78,354</u>
Net Change in Fund Balances	<u>631,585</u>	<u>-</u>	<u>631,585</u>
Fund Balance, Beginning Before Prior Period Adjustments	7,549,021	-	7,549,021
Prior Period Adjustments	(4,750)	-	(4,750)
Fund Balances, Beginning After Prior Period Adjustments	<u>7,544,271</u>	<u>-</u>	<u>7,544,271</u>
Fund Balances, Ending of Year	<u>\$ 8,175,856</u>	<u>\$ -</u>	<u>\$ 8,175,856</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, 2014

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

Net Change in Fund Balances, Total Governmental Funds, Statement E \$ 631,585

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets are 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	\$	469,507	
Less:			
Loss on Disposition of assets:			
Proceeds from Sale of Assets (Fund Basis)		(78,354)	
Gain (Loss) on Sale of Assets (Government-Wide Basis)		2,318	
Current year depreciation		<u>(751,421)</u>	(357,950)

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. (This entry records the change in compensated absences)

(1,397)

Change in Net Position of Governmental Activities, Statement B \$ 272,238

The accompanying notes are an integral part of this statement.

Basic Financial Statements

Notes to the Financial Statements

Livingston Parish Library Commission
Notes to the Financial Statements
As of and for the Year Ended December 31, 2014

Introduction

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, records, 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. 14, as amended, establishes 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.

1. Summary of Significant Accounting Policies

A. Government-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 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 assets (or balance sheet), a statement of activities, and a 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.

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, provides 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

Livingston Parish Library Commission
Notes to the Financial Statements
As of and for the Year Ended December 31, 2014

statement elements, which are distinct from assets and liabilities. GASB Concepts Statement 4 identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements— and 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 ending December 31, 2012. The Library did not have any deferred outflows or deferred inflows of resources at December 31, 2014.

During the year ended December 31, 2012, the Library also adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes 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 Library did not have any deferred outflows or deferred inflows of resources at December 31, 2014.

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 as 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 project 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider 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 considers 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 associated 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.

Livingston Parish Library Commission
Notes to the Financial Statements
As of and for the Year Ended December 31, 2014

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 governmental funds:

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.

The *Capital Project 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 as 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.

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 original maturities are 90 days or less, they are classified as cash equivalents. Investments for 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, 2014. 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.

Livingston Parish Library Commission
Notes to the Financial Statements
As of and for the Year Ended December 31, 2014

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.

G. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental activities columns in the government-wide financial statement. Capital assets are capitalized at historical cost or estimated cost 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 \$500 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:

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

The Library board 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 assets 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 from ten to 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 from five to 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

Livingston Parish Library Commission
Notes to the Financial Statements
As of and for the Year Ended December 31, 2014

by renaming that measure as net position, rather than net assets. GASB Statement No. 63 requires the following components of net position:

- **Net Investment in Capital Assets Component of Net Position** - The *net investment in capital assets* component of net position consists 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 of 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, 2014, the Library had no restricted net position.
- **Unrestricted Component of Net Position** - The *unrestricted* component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and 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.
- **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.

Livingston Parish Library Commission
Notes to the Financial Statements
As of and for the Year Ended December 31, 2014

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 voters and Livingston Parish Ordinance No. 14-08 was approved extending the levied tax through October 1, 2024.

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied in September or October and billed to taxpayers in November. Billed taxes become delinquent on January 1 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 Assessor and are remitted to the Library monthly. The Library pays the Assessor’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. Extraordinary and Special Items

Extraordinary items are transactions or events, if applicable, that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the Library, which are either unusual in nature or infrequent in occurrence.

L. 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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

M. 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 in Statement D 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 in Statement F of the basic financial statements.

N. 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.

Livingston Parish Library Commission
Notes to the Financial Statements
As of and for the Year Ended December 31, 2014

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 adopts 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, 2014, was legally adopted on November 13, 2013. The budget is monitored by the Board and amended as needed. The budget was amended for the fiscal year ended December 31, 2014 on September 10, 2014. Unexpended budget balances lapse at year-end.

3. Cash and Cash Equivalents

At December 31, 2014, the Library has cash and cash equivalents (book balances) as follows:

	December
	31, 2014
	<hr/>
Demand Deposits	\$ 1,189,151
Certificates of Deposits Held as Investments (Note 4)	<u>3,078,319</u>
	<u>\$ 4,267,470</u>

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.

At December 31, 2014, the Library has \$4,267,470 in deposits (collected bank balances) consisting of \$1,189,151 in demand deposits and \$3,078,319 in certificates of deposits held in banks and classified as investments. The demand deposits are secured from risk by \$250,000 of federal deposit insurance and the remaining \$4,017,470 is covered by pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). The \$4,017,470 is exposed to custodial credit risk because while the amount is secured by pledged securities, such securities are held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are 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 the pledged securities within 10 days of being notified by the Library that the fiscal agent has failed to pay deposited funds upon demand.

Livingston Parish Library Commission
Notes to the Financial Statements
As of and for the Year Ended December 31, 2014

4. Investments

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 \$3,078,319 within one local bank at December 31, 2014. 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 based 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.

5. Receivables and Revenue

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes were levied by the Livingston Parish Assessor in September or October and billed to taxpayers in November. Billed taxes become delinquent on January 1 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, 2014 .

Government Receivables	2014
Taxes:	
Ad Valorem	\$ 4,169,868
Intergovernmental:	
State Revenue Sharing	54,473
Other	12
Total Government Receivables	\$ <u>4,224,353</u>

Livingston Parish Library Commission
Notes to the Financial Statements
As of and for the Year Ended December 31, 2014

6. Ad Valorem Taxes

For the year ended December 31, 2014, taxes of 10.00 mills were levied on property with assessed valuations totaling \$472,725,665. Total taxes levied were \$4,727,257.

Total taxes assessed and taxes receivable at December 31, 2014, are as follows:

		General Operations 10.00 Mills
Property Tax Assessed	\$	4,727,257
Less: Current Amounts Deemed Uncollectible		<u>(94,545)</u>
Net 2014 Property Taxes Deemed Collectible		4,632,712
Prior Year Taxes Collected in Excess of Prior Year Receivable in 2014		<u>43,986</u>
Net Property Tax Revenues	\$	<u><u>4,676,698</u></u>
Net Property Tax Deemed Collectible	\$	4,632,712
Less: Amounts Collected Prior to December 31, 2014		<u>(462,843)</u>
Taxes Receivable - Current Year		<u>4,169,869</u>
Prior Year Tax Receivable at December 31, 2013		4,466,625
Less: Prior Year Tax Collected in 2014		<u>(4,510,611)</u>
Prior Year Taxes Collected in Excess of Prior Year Receivable in 2014		<u>43,986</u>
Taxes Receivable - Prior Year		<u>-</u>
Total Property Taxes Receivable at December 31, 2014	\$	<u><u>4,169,869</u></u>

Livingston Parish Library Commission
Notes to the Financial Statements
As of and for the Year Ended December 31, 2014

7. Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2014 for governmental activities is as follows:

Governmental Activities Capital Assets:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated:				
Land	\$ 1,462,056	\$ -	\$ (76,036)	\$ 1,386,020
Construction in Progress	-	18,860	-	18,860
Total Capital Assets Not Being Depreciated	<u>1,462,056</u>	<u>18,860</u>	<u>(76,036)</u>	<u>1,404,880</u>
Capital Assets Being Depreciated:				
Furniture and Equipment	775,583	74,664	(43,523)	806,724
Vehicles	38,507	20,607	-	59,114
Buildings	5,030,007	-	-	5,030,007
Library Collection	3,257,443	355,376	(457,822)	3,154,997
Total Capital Assets Being Depreciated	<u>9,101,540</u>	<u>450,647</u>	<u>(501,345)</u>	<u>9,050,842</u>
Less Accumulated Depreciation for:				
Furniture and Equipment	424,063	97,979	(43,523)	478,519
Vehicles	32,763	6,312	-	39,075
Buildings	606,504	253,422	-	859,926
Library Collection	2,010,145	393,708	(457,731)	1,946,122
Total Accumulated Depreciation	<u>3,073,475</u>	<u>751,421</u>	<u>(501,254)</u>	<u>3,323,642</u>
Total Capital Assets Being Depreciated, Net	<u>6,028,065</u>	<u>(300,774)</u>	<u>(91)</u>	<u>5,727,200</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 7,490,121</u>	<u>\$ (281,914)</u>	<u>\$ (76,127)</u>	<u>\$ 7,132,080</u>

Depreciation was charged to governmental functions as follows:

Library Services	\$ 751,421
	<u>\$ 751,421</u>

Library collections of \$355,376 were recorded for the fiscal year ended, with \$457,822 of fully depreciated collections recorded for disposals. A new Dodge Caravan was purchased in the amount of \$20,607. Other Furniture and Equipment, including data processing software, security gates, and equipment primarily for the Livingston Library and the Library Administration Building, and other miscellaneous equipment and furniture purchases, was recorded for \$74,664. Fully depreciated shelving and other surplus items totaling \$43,523 were disposed. Land with a cost of \$76,036 was sold at a gain for \$78,354. The Library also recorded \$18,860 in construction in progress for the planning of the Denham Spring/Walker Branch Expansion.

Livingston Parish Library Commission
Notes to the Financial Statements
As of and for the Year Ended December 31, 2014

8. Pension Plan

Plan Description. Substantially all employees of the Livingston Parish Library Commission are members of the Parochial Employees Retirement System of Louisiana (System), a cost sharing, multiple-employer public employee retirement system (PERS), controlled and administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Library are members of Plan B.

All permanent employees working at least 28 hours per week who are paid wholly or in part from Library funds and all elected parish officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service, or at or after age 55 with at least 30 years of creditable service, are entitled to a retirement benefit, payable monthly for life, equal to 2 percent of their final-average salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable services, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3 percent for each year retirement precedes age 63. In any case, monthly retirement benefits paid under Plan B cannot exceed 100 percent of final average salary. Final average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

Funding Policy. Contributions to the System include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each parish, except Orleans and East Baton Rouge parishes. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Livingston Parish Library Commission are established and may be amended by state statute. State statute currently requires employees covered by Plan B to contribute three percent of their salaries in excess of \$100 per month to the System. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation of the prior fiscal year. The Livingston Parish Library Commission's contributions to the System under Plan B for the year ending December 31, 2014, and 2013 were \$163,932, and \$163,021, respectively, equal to the required contribution for each year.

The following provides certain disclosures for the Livingston Parish Library Commission and the retirement system that are required by GASB codification:

Plan B - Contribution Rates	
<u>December 31, 2014</u>	
Employees	3.00%
Employer	9.25%

Livingston Parish Library Commission
Notes to the Financial Statements
As of and for the Year Ended December 31, 2014

Trend Information:

Contributions required by State statute:

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
2010	\$ 122,403	100%
2011	\$ 132,803	100%
2012	\$ 150,506	100%
2013	\$ 163,021	100%
2014	\$ 163,932	100%

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employee's Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (225) 928-1361.

9. Compensated Absences

At December 31, 2014, employees of the Library have accumulated and vested of employee leave benefits, which was computed in accordance with GASB Codification Section C60. The total amount of \$29,394 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, 2014, totaling \$88,804, represents a long-term obligation and is recorded on the government-wide financial statements.

10. Leases

At December 31, 2014, the Library leased certain books. These leases were month to month operating leases and there are no formal written lease agreements. The total rental expense included in these financial statements for 2014 is \$17,388 for book rental.

Livingston Parish Library Commission
Notes to the Financial Statements
As of and for the Year Ended December 31, 2014

11. Accounts, Salaries, and Other Payables

The Governmental Funds payables consist of the following at December 31, 2014

Governmental Funds Payable	2014
Accounts Payable	\$ 45,661
Accrued Vacation Payable	29,394
Accrued Salaries	65,781
Other Accrued Liabilities	25,078
Deduction from Ad Valorem Taxes	182,047
Total Government Funds Payable	\$ 347,961

12. 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.

13. Contingent Liabilities

At December 31, 2014, the Library was not involved in any outstanding litigation or claims.

14. 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 \$8.9 million on the construction 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.

Livingston Parish Library Commission
Notes to the Financial Statements
As of and for the Year Ended December 31, 2014

15. Fund Balances

At December 31, 2014, the General Fund of the Library had nonspendable fund balance of \$31,979, consisting of prepaid insurance premiums. Pursuant to formal action of the Livingston Parish Library Board of Control on September 11, 2013, the board also committed \$3,100,000 of the fund balance for future projects. Of the \$3,100,000 commitment, a total of \$2,300,000 was committed for future construction, expansion, and improvement of Livingston Parish Library facilities, \$600,000 was committed as contingency for emergency facility repairs caused by natural disasters, and \$200,000 was committed for purchase of an Outreach Vehicle.

16. Prior Period Adjustments

The Library recorded the following prior period adjustments.

General Fund

Beginning Fund Balance Before Prior Period Adjustments	\$ 7,549,021
To record various adjustments made by the client for prior year activities.	<u>(4,750)</u>
Beginning Fund Balance After Prior Period Adjustments	<u><u>\$ 7,544,271</u></u>

Governmental-Wide

Beginning Net Position Before Prior Period Adjustments	\$ 14,951,735
To record various adjustments made by the client for prior year activities.	<u>(4,841)</u>
Beginning Net Position After Prior Period Adjustments	<u><u>\$ 14,946,894</u></u>

17. Subsequent Events

Subsequent events have been evaluated by management through June 29, 2015, 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, 2014.

Required Supplemental Information (Part II)

Livingston Parish Library Commission
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) to Actual
General Fund
For the year ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	<u>Favorable (Unfavorable)</u>
Revenues				
Ad Valorem Taxes	\$ 4,470,000	\$ 4,456,000	\$ 4,676,988	\$ 220,988
State Revenue Sharing	165,000	164,000	163,417	(583)
Fines and Fees	65,000	48,000	52,424	4,424
Grants	7,000	28,000	26,168	(1,832)
Donations	4,400	4,500	8,219	3,719
Interest	80,500	37,000	29,219	(7,781)
Miscellaneous	55,202	118,200	50,837	(67,363)
Total Revenues	<u>4,847,102</u>	<u>4,855,700</u>	<u>5,007,272</u>	<u>151,572</u>
Expenditures				
Personnel Services:				
Salaries	2,076,800	2,190,000	2,187,799	2,201
Benefits	386,615	379,021	365,624	13,397
Payroll Taxes	205,913	195,000	166,430	28,570
Operating Services:				
Dues and Subscriptions	3,000	3,000	3,493	(493)
Insurance	90,000	93,427	90,434	2,993
Professional Services	70,500	64,355	64,584	(229)
Miscellaneous	68,300	68,800	71,443	(2,643)
Postage	5,000	5,000	4,691	309
Repairs and Maintenance	542,500	472,500	275,902	196,598
Rentals	17,388	17,388	17,388	-
Software Purchases	5,500	4,000	671	3,329
Utilities	172,700	194,700	188,969	5,731
Travel	35,000	27,000	28,808	(1,808)
Library Materials and Supplies:				
Databases	100,000	95,000	88,079	6,921
Library Books and Periodicals (non capital)	119,000	158,640	64,009	94,631
Office Supplies	120,600	85,011	80,571	4,440
Summer Reading Program	20,000	18,200	40,139	(21,939)
Intergovernmental Expenditures	177,000	179,070	245,500	(66,430)
Capital Outlays	620,000	556,920	450,647	106,273
Total Expenditures	<u>4,835,816</u>	<u>4,807,032</u>	<u>4,435,181</u>	<u>371,851</u>
Excess Revenues (Expenditures)	<u>11,286</u>	<u>48,668</u>	<u>572,091</u>	<u>523,423</u>
Other Financing Sources (Uses)				
Operating Transfers (Out) - Capital Project Fund	-	-	(18,860)	(18,860)
Sale of Fixed Assets	-	-	78,354	78,354
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>59,494</u>	<u>59,494</u>
Net Change in Fund Balances	<u>11,286</u>	<u>48,668</u>	<u>631,585</u>	<u>582,917</u>
Fund Balance, Beginning Before Prior Period Adjustments	7,549,021	7,549,021	7,549,021	-
Prior Period Adjustments	-	-	(4,750)	(4,750)
Fund Balances, Beginning After Prior Period Adjustments	<u>7,549,021</u>	<u>7,549,021</u>	<u>7,544,271</u>	<u>(4,750)</u>
Fund Balances, End of Year	<u>\$ 7,560,307</u>	<u>\$ 7,597,689</u>	<u>\$ 8,175,856</u>	<u>\$ 578,167</u>

See Independent Auditor's Report.

Other Supplemental Information

Schedule 2

**Livingston Parish Library Commission
Schedule of Compensation Paid to Board Members
For the year ended December 31, 2014**

<u>Name and Title / Contact Number</u>	<u>Address</u>	<u>Compensation Received</u>	<u>Term Expires</u>
Jo Ann Graul, President (225) 664-4675	916 Jane Drive Denham Springs, LA 70726	\$ -	6/30/2017
Ronnie Bencaz, Vice President (225) 686-2619	P.O. Box 28 Livingston, LA 70754	-	6/30/2018
J. Lindsay Varnado (225) 664-1554	9111 Harris Road Denham Springs, LA 70726	-	6/30/2016
Juanette Courtney (225) 567-9038	30690 Highway 1036 Holden, LA 70744	-	6/30/2015
Kathy deGeneres (225) 665-8025	713 Tom Drive Denham Springs, LA 70726	-	6/30/2017
Debbie Henson (225) 664-2593	8260 Olivia Drive Denham Springs, LA 70706	-	6/30/2017
Shelly Davis (225) 294-5992	P.O. Box 305 Springfield, LA 70462	-	6/30/2016
Layton Ricks, Ex-Officio (225) 665-5321	P.O. Box 427 Livingston, LA 70754	-	N/A
		<u>\$ -</u>	

See Independent Auditor's Report.

Schedule 3

**Livingston Parish Library Commission
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the year ended December 31, 2014**

Agency Head Name: Giovanni Tairov, Director

Purpose	Amount
Salary	\$ 78,346
Employer Paid Payroll Taxes	5,993
Benefits - Retirement	7,247
Cell Phone Reimbursement	776
Travel - Mileage Reimbursements	370
Conference Registration and Expense	1,000
	<u>\$ 93,732</u>

See Independent Auditor's Report.

**Livingston Parish Library Commission
 Schedule of Findings and Questioned Costs
 As of and for the Year Ended December 31, 2014**

Part I: Summary of Auditor’s Results

Financial Statements

Type of Auditor’s Report Issued: Unmodified.

Internal Control Over Financial Reporting:

Material Weakness(es) Identified:	No
Significant Deficiency(ies) that are not considered to be Material Weaknesses:	Yes
Noncompliance Material to the Financial Statements:	No

Federal Awards

There were no Major Programs for the Livingston Parish Library Commission for the fiscal year ended December 31, 2014

Part II: Findings which are required to be reported in accordance with generally accepted *Governmental Auditing Standards*. These findings are included within the *Summary Schedule of Prior Year Audit Findings*, and the *Corrective Action Plan for Current Year Audit Findings*, with current year findings categorized as follows:

A. Compliance Findings –

No compliance findings.

B. Internal Control Findings -

One internal control finding classified as a significant deficiency not constituting a material weakness is included as Finding Number 2014-I1 within the *Corrective Action Plan for Current Year Audit Findings*.

Part III: Findings and Questioned Costs for Federal Awards which include audit findings as defined in Section 510(a) of Circular A-133:

N/A

Part IV: Management Letter Items:

There were no management findings for the Library for the fiscal year ending December 31, 2014.

**Livingston Parish Library Commission
Summary Schedule of Prior Year Audit Findings
For the year ended December 31, 2014**

Compliance

No compliance findings.

Internal Control

Reference Number: 2013-II (Limited Segregation of Duties).

Type Finding: Significant Deficiency not Material to the Financial Statements

Criteria: The Livingston Parish Library Commission must demonstrate that activities related to financial management are reasonably recorded and accurately reported.

Condition: With all smaller agencies, there will be limited segregation of duties for recording and reporting financial transactions. The Library has responded to this condition with the following actions:

- 1) Pre-authorization of key financial transactions by the Library Board.
- 2) Monitoring and authorization of key financial transactions by the Director. In the event that the Director is not available, the Assistant Director has authority to approve a transaction, which is reviewed by the Director.
- 3) Monthly budget-to-actual reports are provided to board members.
- 4) An invoice system was implemented to provide for review of purchases by the Director, and to improve the accuracy of financial reporting to the board.
- 5) Reporting by the Director directly to the board of current and planned financial transactions.

Effect: The Library must demonstrate that activities related to financial management are reasonably and accurately reported.

Cause: The size of the entity and the number of personnel available for financial review and management are the major factors determining the compensating controls that must be implemented to ensure that financial transactions are reasonably stated.

Recommendations: Management of the Library has continued implementing compensating controls that reduce the inherent risk associated with recording financial transactions in smaller entities. However, the board currently does not meet on a monthly basis, and has not formalized a system for scheduling and conducting review of financial transactions of the Library. We recommend that the Board increase its control.

Description of Action Taken: Partial. (Continued in Current Year Finding 2014-II)

Contact Person: Jo Ann Graul, President, 916 Jane Drive, Denham Springs, LA 70726
(Phone # 225-664-4675).

Management

No management findings.

This schedule was prepared by management.

**Livingston Parish Library Commission
Corrective Action Plan for Current Year Audit Findings
For the year ended December 31, 2014**

Compliance

No compliance findings.

Internal Control

Reference Number: 2014-II (Limited Segregation of Duties).

Type Finding: Significant Deficiency not Material to the Financial Statements

Criteria: Proper segregation of incompatible duties requires that there be different individuals responsible for authorizing transactions, recording transactions and maintaining custody of related assets.

Condition: Duties throughout the financial reporting process, which are considered incompatible, are being performed by the Commission's bookkeeper or Director. Specifically:

- 1) The individual that makes deposits also records transactions into the General Ledger and reconciles bank accounts.
- 2) The Individual with authority over expenditures also signs checks and approves payroll direct deposits.

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

Effect: Inadequate segregation of duties exposes the Commission to several risks, including, but not limited to misappropriation of assets and inaccurate or fraudulent financial reporting.

Cause: Due to the size and nature of the Commission, there are few administrative employees and as such, some incompatible duties are not adequately segregated.

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

Management's Response: The Board does review financial data at Board meetings and will continue to do so. Additionally, Management will continue to evaluate compensating controls and implement compensating controls where possible. Management and the Board will discuss their meeting schedule as well as a detailed general ledger review by a Board Member.

Description of Action Taken: Partial.

Contact Person: Jo Ann Graul, President, 916 Jane Drive, Denham Springs, LA 70726
(Phone # 225-664-4675).

Management Findings

No management findings.

This schedule was prepared by management.

Bruce C. Harrell, CPA

Dale H. Jones, CPA
Kristi U. Bergeron, CPA
Jessica H. Jones, CPA
Brandy Westcott Garcia, CPA
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**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***

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

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2014, and the related notes to the financial statements, which collectively comprise Livingston Parish Library Commission's basic financial statements and have issued our report dated June 29, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Livingston Parish Library Commission's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Livingston Parish Library Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Livingston Parish Library Commission'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 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 that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. However, we did

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

Page 2

identify certain deficiencies in internal control, described in the accompanying Corrective Action Plan for Current Year Audit Findings that we consider to be significant deficiencies in internal control over financial reporting as Finding Number 2014-I1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Livingston Parish Library Commission's, financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 questioned costs. 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.



Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

Kentwood, Louisiana
June 29, 2015