

ST. TAMMANY PARISH LIBRARY

Audit of Financial Statements

December 31, 2018



Contents

Independent Auditor's Report	1 - 3
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Basic Financial Statements

Government-Wide Financial Statements

Statement of Net Position	5
Statement of Activities	6

Fund Financial Statements

Governmental Fund

Balance Sheet	8 - 9
Statement of Revenues, Expenditures, and Changes in Fund Balance	10
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Fund to the Statement of Activities	11

Notes to Financial Statements	12 - 29
-------------------------------	---------

Required Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	31
Schedule of Library's Proportionate Share of the Net Pension Liability	32
Schedule of Library's Contributions to Defined Benefit Pension Plan	33
Schedule of Changes in Net OPEB Liability and Related Ratios	34

Other Supplementary Information

Schedule of General Fund Expenditures	36
Schedule of Governing Board	37
Schedule of Compensation, Benefits, and Other Payments to Agency Head	38

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	39 - 40
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Schedule of Findings and Responses	41
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Independent Auditor's Report

To the Board of Control
St. Tammany Parish Library

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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.

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 the major fund of the Library 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.

Emphasis of Matter

As described in Note 1 to the financial statements, the Library adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, for the year ended December 31, 2018. The adoption of GASB Statement No. 75 restated the governmental activities net position and adjusted the disclosures and required supplementary information. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 31 and the supplementary schedules required by GASB Statements No. 68 and No. 75 on pages 32 through 34 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 Library's basic financial statements. The accompanying information listed as other supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 12, 2019, on our consideration of the Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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.



A Professional Accounting Corporation

Covington, LA
April 12, 2019

**BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS**

ST. TAMMANY PARISH LIBRARY
Statement of Net Position
December 31, 2018

	Governmental Activities
Assets	
Cash	\$ 4,961,179
Intergovernmental Receivable - Ad Valorem Taxes, Net	10,071,592
Intergovernmental Receivable - State Revenue Sharing	252,016
Other Receivables	973
Deposits	1,981
Net Pension Asset	481,741
Capital Assets, Net of Accumulated Depreciation	<u>3,038,912</u>
Total Assets	<u>18,808,394</u>
Deferred Outflows of Resources	
Deferred Outflows on Pension Obligation	<u>1,082,321</u>
Liabilities	
Accounts Payable	202,803
Accrued Payroll Liabilities	321,370
Claims Payable	64,894
Compensated Absences	325,580
Net Other Postemployment Benefit Obligation (OPEB)	<u>993,614</u>
Total Liabilities	<u>1,908,261</u>
Deferred Inflows of Resources	
Deferred Inflows on Pension Obligation	1,429,606
Deferred Inflows on OPEB	<u>51,363</u>
Total Deferred Inflows of Resources	<u>1,480,969</u>
Net Position	
Net Investment in Capital Assets	3,038,912
Unrestricted	<u>13,462,573</u>
Total Net Position	<u><u>\$ 16,501,485</u></u>

The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH LIBRARY
Statement of Activities
For the Year Ended December 31, 2018

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities				
Library	\$ 10,714,880	\$ 114,931	\$ 13,953	\$ (10,585,996)
General Revenues				
Intergovernmental Revenue - Ad Valorem Taxes, Net				10,256,271
Intergovernmental Revenue - State Revenue Sharing				252,016
Miscellaneous Revenues				130,506
Earnings on Investments				37,598
Total General Revenues				<u>10,676,391</u>
Change in Net Position				90,395
Net Position, Beginning of Year				15,817,439
Change in Accounting Principle				<u>593,651</u>
Net Position, Beginning of Year, as Restated				<u>16,411,090</u>
Net Position, End of Year				<u>\$ 16,501,485</u>

The accompanying notes are an integral part of these financial statements.

**FUND FINANCIAL STATEMENTS
GOVERNMENTAL FUND**

ST. TAMMANY PARISH LIBRARY
Balance Sheet
Governmental Fund
December 31, 2018

	General Fund
Assets	
Cash	\$ 4,961,179
Intergovernmental Receivable - Ad Valorem Taxes, Net	10,071,592
Intergovernmental Receivable - State Revenue Sharing	252,016
Other Receivables	973
Deposits	<u>1,981</u>
Total Assets	<u>\$ 15,287,741</u>
Liabilities	
Accounts Payable	\$ 202,803
Accrued Payroll Liabilities	321,370
Claims Payable	<u>64,894</u>
Total Liabilities	<u>589,067</u>
Deferred Inflows of Resources	
Unavailable Ad Valorem Taxes	<u>244,521</u>
Total Deferred Inflows of Resources	<u>244,521</u>
Fund Balance	
Committed for:	
Capital Projects	269,158
Unassigned	<u>14,184,995</u>
Total Fund Balance	<u>14,454,153</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 15,287,741</u>

The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH LIBRARY
Balance Sheet (Continued)
Governmental Fund
December 31, 2018

**Reconciliation of the Governmental Fund Balance Sheet to the
Statement of Net Position**

Total Fund Balance	\$ 14,454,153
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	3,038,912
Deferred inflows of resources - unavailable ad valorem taxes are not reported on government-wide financial statements.	244,521
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(325,580)
The Library follows the requirements of GASB Statement No. 68, which provides for the recognition of pension obligations. This includes the recognition of related deferred outflows and inflows of resources.	(347,285)
The Library follows the requirements of GASB Statement No. 75, which provides for the recognition of OPEB and related deferred outflows inflows and of resources.	(51,363)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:	
Net Pension Asset	481,741
Net Other Postemployment Benefit Obligation (OPEB)	<u>(993,614)</u>
Net Position of Governmental Activities	<u>\$ 16,501,485</u>

The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH LIBRARY
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For the Year Ended December 31, 2018

	General Fund
Revenues	
Intergovernmental Revenue - Ad Valorem Taxes, Net	\$ 10,237,640
Intergovernmental Revenue - State Revenue Sharing	252,016
Fines and Fees	114,931
Donations	13,167
Earnings on Investments	37,598
Grants	786
Miscellaneous Revenues	<u>87,969</u>
Total Revenues	<u>10,744,107</u>
Expenditures	
Library	
Personnel Services	6,415,223
Operating Services	3,333,744
Capital Outlay	<u>622,907</u>
Total Expenditures	<u>10,371,874</u>
Net Change in Fund Balance	372,233
Fund Balance, Beginning of Year	<u>14,081,920</u>
Fund Balance, End of Year	<u><u>\$ 14,454,153</u></u>

The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH LIBRARY
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balance of the Governmental Fund
to the Statement of Activities
For the Year Ended December 31, 2018

Net Change in Fund Balance - Total Governmental Fund	\$ 372,233
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(183,254)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental fund:

Change in Unavailable Ad Valorem Taxes	18,631
Contributions Made to Retirement Plan by Other Governments	48,252

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund:

Compensated Absences Payable	3,888
Change in the Net Pension Liability and Related Deferred Amounts	(120,439)
Change in Other Postemployment Benefit Obligation (OPEB) and Related Deferred Outflows and Inflows of Resources	(48,916)

Change in Net Position of Governmental Activities	\$ 90,395
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The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH LIBRARY

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

The accounting and reporting policies of St. Tammany Parish Library (the Library) conform to accounting principles generally accepted in the United States of America (GAAP) applicable to government entities. The following is a summary of significant accounting policies.

Reporting Entity

The Library was established by St. Tammany Parish, Louisiana (the Parish) under the provisions of Louisiana Revised Statute (LRS) 25:211. The Library is governed by a Board of Control (the Board), which is appointed by the Parish. Effective January 1, 1989, the administrative and accounting functions for the Library were transferred to the Board of Control under the provisions of Louisiana Revised Statute 25:215(b)(9); these functions were previously provided by the Parish. During 2018, the Library maintained twelve branches, a business resource center, and an administrative facility, which provide citizens of the Parish access to library materials, books, magazines, compact discs, films, and the internet.

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14, as amended, established criteria for determining which component units should be considered part of the Parish for financial reporting purposes. The basic criterion for including a potential component unit with the reporting entity is financial accountability.

The Library is a component unit of the Parish because the Parish appoints all members of the Library's Board of Control and, as such, is financially accountable for the Library. The accompanying financial statements present information only on the funds maintained by the Library and do not present information on the Parish, the general government services provided by that governmental unit, or the governmental units that comprise the financial reporting entity.

Basis of Presentation

The accompanying basic financial statements of the Library have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by GASB Statement No. 63 in June 2011.

ST. TAMMANY PARISH LIBRARY

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

The Library's basic financial statements include both government-wide and fund financial statements. The Library currently has only one fund, the General Fund, which is reported as a governmental activity.

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on the governmental activities using the full accrual, economic resource basis, which recognizes all long-term assets and receivables, as well as long-term debt and obligations.

The statement of activities demonstrates the degree to which the direct expenses of the Library's primary function 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.

Fund Financial Statements

The Library uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain library functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity or the total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds.

The General Fund is the primary operating and sole fund of the Library. It accounts for all the financial transactions and is classified as a governmental fund type. The focus of the governmental fund's measurement is upon the determination of financial position and changes in financial position rather than upon net income.

Measurement Focus / Basis of Accounting

The government-wide financial statements are accounted for using the economic resources measurement focus. All assets and liabilities (whether current or non-current) are reported.

The government-wide financial statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of the timing of related cash flows.

ST. TAMMANY PARISH LIBRARY

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus / Basis of Accounting (Continued)

The amounts reflected in the governmental fund financial statements are accounted for using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to the government-wide financial statements.

The amounts reflected in the governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Library considers all revenues available if they are collected within 60 days after the fiscal year-end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on any general long-term debt, which would be recognized when payment is due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Ad valorem taxes are considered to be collected when they are collected by the St. Tammany Parish Sheriff. Ad valorem taxes collected after 60 days are recorded as a deferred inflow on the governmental fund balance sheet. State revenue sharing associated with the current fiscal period is considered susceptible to accrual and so has been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Library.

Budget and Budgetary Accounting

The Board has adopted a budget for the General Fund. The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget, and public hearings on the budget prior to adoption. Any amendment involving increases in expenditures must be approved by the Board. Budgeted amounts included in the accompanying financial statements include all amendments. All budgeted amounts which are not expended or obligated through contracts lapse at year-end. Unspent budgeted amounts will be reallocated in the following year's budget. The General Fund budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. The Library amended its budget during 2018. These amendments are reflected in the budget comparison schedule of this report.

ST. TAMMANY PARISH LIBRARY

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

Cash includes amounts in interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Library may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Receivables

Receivables are reported net of estimated uncollectible amounts. The allowance for uncollectible amounts was \$291,917, which represents 2.4% of the total ad valorem tax receivable at December 31, 2018. This estimate is based on the Library's history of collections within this revenue stream.

Capital Assets

Capital assets, which include property, vehicles, furniture and equipment, computers, and building improvements, are reported in the government-wide financial statements. Capital assets are recorded 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. Depreciation of all exhaustible capital assets is charged as an expense against the Library's operations. In the fund financial statements, capital assets are accounted for as capital outlay expenditures upon acquisition.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. The Library capitalizes equipment in excess of \$2,500 and improvements in excess of \$25,000. The Library capitalizes all books and other items except for periodicals and reference materials.

The following estimated useful lives and methods are used to compute depreciation:

Books	5 Years	Straight-Line
Vehicles	5 Years	Straight-Line
Furniture and Equipment	5 - 10 Years	Straight-Line
Computers	5 Years	Straight-Line
Building Improvements	20 - 30 Years	Straight-Line

Depreciation expense amounted to \$806,161, for the year ended December 31, 2018.

ST. TAMMANY PARISH LIBRARY

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Compensated Absences

The Library's policy allows employees to accumulate unused vacation and sick leave on an unlimited basis. Employees earn annual vacation leave and sick leave based on the number of years of service, as follows:

Years of Service	Annual Time Earned	
	Vacation	Sick
1 to 15 Years	15 Days	12.5 Days
Greater than 15 Years	20 Days	12.5 Days

At the end of each year, employees forfeit unused vacation that exceeds 600 hours. Upon termination of service, employees are entitled to be paid for up to 300 hours of unused vacation leave and one-third of the accumulated sick leave. The remainder of the vacation and sick leave is forfeited upon termination, but will be paid only upon illness while in the employ of the Library. The non-current portion (amounts estimated to be used in subsequent fiscal years) for governmental funds is reported only as a general long-term obligation in the government-wide statement of net position, and represents a reconciling item between the fund and government-wide presentations.

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 amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Parochial Employees' Retirement System (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

ST. TAMMANY PARISH LIBRARY

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Fund Equity

Government-wide net position is divided into three components:

1. *Net Investment in Capital Assets* - Consists of the historical cost of capital assets including any restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. *Restricted* - Consists of assets that have constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.
3. *Unrestricted* - All other net position is reported in this category.

In the governmental fund financial statements, fund balances are classified as follows:

1. *Nonspendable* - Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
2. *Restricted* - Amounts that can be spent for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
3. *Committed* - Amounts that can be used only for specific purposes determined by a formal action of the Board. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board.
4. *Assigned Fund Balance* - Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
5. *Unassigned Fund Balance* - All amounts not included in other spendable classifications.

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the Library's policy is to apply restricted net position first.

ST. TAMMANY PARISH LIBRARY

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Adoption of New Accounting Principles

The GASB issued Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*, in June 2015. The objective of GASB 75 is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. Under the new standard, governments will recognize a liability that is actuarially determined using prescribed methods and based on plan assumptions. This liability should be reported net of the assets that are accumulated into an irrevocable trust meeting certain criteria; however, the Library does not currently have a trust to offset this liability. During the year ended December 31, 2018, the Library implemented the Statement and recorded a cumulative effect of accounting principle in the amount of \$593,651.

New Accounting Pronouncements

The GASB issued Statement No. 87, *Leases*, in June 2017. The objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. This Statement will be effective for the Library for the fiscal year ending December 31, 2020.

Note 2. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents (book balances) at December 31, 2018:

Demand Deposits	<u>\$ 4,961,179</u>
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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 bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Library's deposits may not be recovered. The Library does not have a deposit policy for custodial credit risk. As of December 31, 2018, \$5,051,984 of the Library's bank balance was exposed to custodial credit risk. However, these deposits were secured from risk by the pledge of securities owned by the fiscal agent bank.

ST. TAMMANY PARISH LIBRARY

Notes to Financial Statements

Note 3. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 473,285	\$ -	\$ -	\$ 473,285
Construction in Progress	35,709	-	-	35,709
Total Capital Assets Not Being Depreciated	508,994	-	-	508,994
Capital Assets Being Depreciated				
Artwork	24,225	25,239	-	49,464
Books	7,742,006	489,357	(767,200)	7,464,163
Vehicles	241,210	42,696	(50,668)	233,238
Computers	225,453	-	(71,045)	154,408
Building Improvements	1,808,982	-	-	1,808,982
Furniture and Equipment	1,514,780	65,615	(25,950)	1,554,445
Total Capital Assets Being Depreciated	11,556,656	622,907	(914,863)	11,264,700
Less Accumulated Depreciation for:				
Artwork	(5,191)	(5,221)	-	(10,412)
Books	(6,762,982)	(512,785)	767,200	(6,508,567)
Vehicles	(221,332)	(11,480)	50,668	(182,144)
Computers	(213,401)	(5,588)	71,045	(147,944)
Building Improvements	(641,932)	(78,716)	-	(720,648)
Furniture and Equipment	(998,646)	(192,371)	25,950	(1,165,067)
Total Accumulated Depreciation	(8,843,484)	(806,161)	914,863	(8,734,782)
Total Capital Assets Being Depreciated, Net	2,713,172	(183,254)	-	2,529,918
Capital Assets, Net	\$ 3,222,166	\$ (183,254)	\$ -	\$ 3,038,912

Note 4. Ad Valorem Taxes

Intergovernmental ad valorem taxes for the operations of the Library are normally levied each November on the assessed value listed as of the prior January 1st for all real property, merchandise, and movable property located in the Parish. Assessed values are established by the St. Tammany Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A re-evaluation of all property is required to be completed no less than every four years. The last re-evaluation was completed in 2016. Taxes are due and payable by December 31st in the year levied and become delinquent thereafter. Taxes are collected by the St. Tammany Parish Sheriff's Office and remitted to the Parish, which passes the dedicated millage through to the Library.

ST. TAMMANY PARISH LIBRARY

Notes to Financial Statements

Note 5. State Revenue Sharing

State revenue sharing is an arrangement whereby local governments are reimbursed by the state for ad valorem taxes not billed due to the homestead exemption. These intergovernmental revenues are received by St. Tammany Parish and passed through to the Library.

The Library recognized revenue from state revenue sharing of \$252,016, for the year ended December 31, 2018. Receivables for state revenue sharing for the year ended December 31, 2018, were \$252,016.

Note 6. Risk Management

The Library participates in the self-insurance fund of its primary government, St. Tammany Parish, for coverage of property and contents.

The Library has established a self-insurance medical plan for its employees and their covered dependents. The plan administrator is responsible for the approval, processing, and payment of claims. The plan administrator is also responsible for actuarially determining the needed funding of the plan. The plan provides health benefits up to a \$1,000,000 lifetime maximum per covered person. All full-time employees who are regularly scheduled to work at least 28 hours per week and their eligible dependents are eligible for the plan.

The plan is accounted for in the General Fund of the Library. The cost of claims is recorded as an expense when the claims arise. Claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated and is recorded in the governmental activities in the statement of net position.

Claims liabilities include an amount for claims that have been incurred but not paid as of December 31, 2018. These liabilities are reported at their present value of \$64,894. Changes in the balances of claims liabilities during the years ended December 31, 2018, 2017, and 2016, were as follows:

	2018	2017	2016
Beginning of Year Liability	\$ 19,230	\$ 36,739	\$ 56,464
Claims and Changes in Estimates	1,004,712	879,313	662,749
Claims Payments	(959,048)	(896,822)	(682,474)
Balance at Fiscal Year End	\$ 64,894	\$ 19,230	\$ 36,739

A stop-loss insurance contract executed with an insurance carrier covers aggregate claims in excess of \$1,021,993 and claims in excess of \$50,000 per single employee per year. The amount of settlements has not exceeded insurance coverage for each of the past three fiscal years.

ST. TAMMANY PARISH LIBRARY

Notes to Financial Statements

Note 7. Pension Plan

The Library contributes to a cost-sharing, multiple-employer defined benefit pension plan administered by the Parochial Employees' Retirement System of Louisiana (PERS or the System). Employees of the Library may elect to be members of PERS Plan A. PERS was established by the Louisiana Legislature as of January 1, 1953, by Act 205 of 1952. PERS is administered by a Board of Trustees consisting of seven members. The plan issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to P.O. Box 14619, Baton Rouge, LA 70898-4619, or by calling 225-928-1361.

Plan Description

All permanent employees working at least 28 hours per week and who are paid wholly or in part from Library funds shall become members on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate.

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

For employees hired prior to January 1, 2007:

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

For employees hired after January 1, 2007:

1. Age 55 with a minimum of thirty (30) years of creditable service
2. Age 62 with a minimum of ten (10) years of creditable service
3. Age 67 with a minimum of seven (7) years of creditable service

The retirement benefit is generally 1% of the member's final compensation plus \$2 per month for each year of service credited prior to January 1, 1980, and 3% of final average compensation for each year of service after that date. Final average salary is the employee's average salary over the 36 consecutive or joined months which produce the highest average.

Employees who terminate with at least the amount of credited service stated previously, and who do not withdraw their employee contributions, may retire at the age specified previously and receive the benefit accrued to their date of termination. PERS also provides death and disability benefits. Benefits are established by state statute.

ST. TAMMANY PARISH LIBRARY

Notes to Financial Statements

Note 7. Pension Plan (Continued)

Funding Policy

Contributions to PERS 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. PERS' members are required to contribute 9.5% of their annual covered salary. The Library is required to contribute at an actuarially determined rate. The current rate is 11.50% of annual covered salary for the year ended December 31, 2018. As provided by LRS 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 year. The Library's contributions to PERS for the years ended December 31, 2018, 2017, and 2016, were \$449,698, \$499,361, and \$492,906, respectively, which is equal to the required contribution.

Net Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2018, the Library reported an asset of \$481,741 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and was determined by actuarial valuation as of that date. The Library's proportion of the net pension liability was based on a projection of the Library's long-term share of contributions to the pension plan relative to the projected contributions of all municipalities, actuarially determined. At December 31, 2017, the Library's proportion was 0.649030%.

For the year ended December 31, 2018, the Library recognized pension expense of \$570,137. At December 31, 2018, the Library reported deferred outflows of resources and deferred inflows of resources related to its pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ -	\$ 311,842
Changes in Assumptions	608,028	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	1,112,960
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions		
Changes in Proportion	24,645	-
Differences in Contributions	-	4,804
Library Contributions Subsequent to the Measurement Date	449,648	-
Total	\$ 1,082,321	\$ 1,429,606

In the year ended December 31, 2019, \$449,648 reported as deferred outflows of resources related to pensions resulting from the Library's contributions subsequent to the measurement date will be recognized.

ST. TAMMANY PARISH LIBRARY

Notes to Financial Statements

Note 7. Pension Plan (Continued)

Net Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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

Year Ending December 31,	Amount
2019	\$ 67,686
2020	(75,204)
2021	(375,819)
2022	(413,596)
Total	<u>\$ (796,933)</u>

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the net pension asset as of December 31, 2018, is as follows:

Valuation Date	December 31, 2017
Actuarial Cost Method	Entry Age Normal
Investment Return	6.75% (Net of Investment Expense)
Expected Remaining Service Lives	4 Years
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 increases 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.

Note 7. Pension Plan (Continued)**Actuarial Assumptions (Continued)**

The discount rate used to measure the total net pension asset was 6.75% for Plan A. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement System's 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 asset.

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up), and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward-looking basis in equilibrium, in which best estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% 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:

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%
	100%	5.62%
Inflation		2.00%
Expected Arithmetic Normal Return		7.62%

ST. TAMMANY PARISH LIBRARY

Notes to Financial Statements

Note 7. Pension Plan (Continued)

Sensitivity to Changes in Discount Rate

The following presents the net pension asset of the Library using the discount rate of 6.75% as well as what the liability (asset) would be if it were calculated using a discount rate that is one percentage-point lower (5.75%) or one percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Library's Proportionate Share of the Net Pension Liability (Asset)	\$ 2,375,154	\$ (481,741)	\$ (3,025,616)

Note 8. Deferred Compensation Plan

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

Note 9. Other Postemployment Benefits (OPEB)

In addition to the pension benefits described in Note 7, the Library provides post-employment healthcare benefits, to employees under 65 years of age who retire from the Library in accordance with criteria listed in Note 7 and, in addition, have at least five years of employment in the Library system, and have participated in the health insurance plan for the three years prior to retirement. The Library will pay a proportionate share of the health insurance cost based on the years of service.

Funding Policy

The Library allows qualifying retirees to participate in the employee benefit plan for a specified monthly contribution until Medicare-eligible. Qualifying Medicare-eligible retirees are reimbursed up to 75% of the cost of a Medicare supplement plan, but no more than \$150 per month. The Library finances its plan on a pay-as-you-go basis; therefore, no funds are reserved for payment of future health insurance premiums. For the year ended December 31, 2018, the Library contributed \$46,252 to the plan on behalf of the retirees.

ST. TAMMANY PARISH LIBRARY

Notes to Financial Statements

Note 9. Other Postemployment Benefits (OPEB) (Continued)

Employees Covered by Benefit Terms

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

Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	14
Active Plan Members	<u>102</u>
	<u>116</u>

Total OPEB Liability

The Library's total OPEB liability of \$993,614 was measured as of December 31, 2018 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other inputs

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

Inflation	2.0%
Salary Increases, Average Including Inflation	3.0%, including inflation
Investment Rate of Return	3.44% annually (beginning of year) 4.1% annually (end of year)
Healthcare Cost Trend Rates	
Pre Medic and Medical and Rx	6.5% decreasing to an ultimate rate of 4.5%
Stop Loss Fees	6.5% decreasing to an ultimate rate of 4.5%
Administrative Fees	4.5%
Mortality Rates	RP-2014 generational table scaled using <P-17 and applied on a gender specific basis

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index as of June 30, 2018, the end of the applicable measurement period.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of ongoing evaluations of the assumptions.

ST. TAMMANY PARISH LIBRARY

Notes to Financial Statements

Note 9. Other Postemployment Benefits (OPEB) (Continued)

Changes in the Total OPEB Liability

	Net Liability (a)
Balance at January 1, 2018	\$ 996,061
Changes for the Year	
Service Cost	77,208
Interest Cost	36,125
Changes in Assumptions	(69,528)
Benefit Payments	<u>(46,252)</u>
Net Changes for the Year	<u>(2,447)</u>
Balance as of December 31, 2018	<u>\$ 993,614</u>

Note - Prior-year OPEB balance was \$996,061. A change in accounting principle was recorded in the amount of \$593,651 for implementation of GASB 75.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the Library, as well as what the Commission's total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower (3.1%) or one percentage-point higher (5.1%) than the current discount rate:

	1.0% Decrease	Discount Rate 4.1%	1.0% Increase
Net OPEB Liability	<u>\$ 886,500</u>	<u>\$ 993,614</u>	<u>\$ 1,117,500</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the Library, as well as what the Library's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare trend rates:

	1.0% Decrease	Healthcare Cost Trend Rates	1.0% Increase
Net OPEB Liability	<u>\$ 968,500</u>	<u>\$ 993,614</u>	<u>\$ 1,048,500</u>

ST. TAMMANY PARISH LIBRARY

Notes to Financial Statements

Note 9. Other Postemployment Benefits (OPEB) (Continued)

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

For the year ended December 31, 2018, the Library recognized OPEB expense of \$20,550. At December 31, 2018, the Library reported deferred inflows of resources related to OPEB from the following:

	Deferred Inflows of Resources
Changes in Assumptions	\$ 51,363
Total	\$ 51,363

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

Year Ending December 31,	Amount
2019	\$ (18,165)
2020	(18,165)
2021	(15,033)
Total	\$ (51,363)

Note 10. Operating Leases

The Library leases the Causeway Branch in Mandeville, the temporary Covington Branch, its reference center, its administration offices, and its technical services building. These leases have been classified as operating leases and, as such, rental payments have been recorded as operating expenditures. Total rent expense under these leases for the year ended December 31, 2018, was \$387,417. Future minimum lease payments are as follows:

Year Ending December 31,	Amount
2019	\$ 256,717
2020	236,967
2021	243,717
2022	215,733
2023	116,485
Total	\$ 1,069,619

ST. TAMMANY PARISH LIBRARY

Notes to Financial Statements

Note 11. Compensation of Board Members

No compensation was paid to board members for the year ended December 31, 2018.

Note 12. Commitments

On May 1, 2008, St. Tammany Parish approved a resolution to issue Limited Tax Revenue Bonds not to exceed \$5,000,000. These bonds were issued on July 1, 2008 for the purpose of constructing, acquiring, and improving public library facilities, furnishings, and equipment, and paying the costs incurred in connection with the issuance. The bonds range from 4% to 4.25%, with final principal maturing on March 1, 2025. Principal is due annually on March 1st beginning in 2009, and interest is due semi-annually on March 1st and September 1st beginning in 2009. All of the bond proceeds were used to construct and furnish the Madisonville Branch which was completed in 2013.

This debt and any acquired assets are part of the Parish and are not reflected within the accompanying financial statements of the Library. The Parish pledged the Library's dedicated millage for the repayment of these bonds and is reducing ad valorem tax revenue payments to the Library by the amount of the debt service.

The debt service payments are withheld from the Library's ad valorem taxes received by the Parish. Debt service to be withheld in future years is as follows:

Year Ending December 31,	Amount
2019	\$ 420,494
2020	422,394
2021	423,694
2022	424,165
2023	428,456
Thereafter	<u>865,700</u>
Total	<u>\$ 2,984,903</u>

REQUIRED SUPPLEMENTARY INFORMATION

ST. TAMMANY LIBRARY
Schedule of Revenues, Expenditures, and
Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended December 31, 2018

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Intergovernmental Revenue - Ad Valorem Taxes, Net	\$ 9,799,000	\$ 9,879,766	\$ 10,237,640	\$ 357,874
Intergovernmental Revenue - State Revenue Sharing	245,000	251,468	252,016	548
Fines and Fees	186,000	140,000	114,931	(25,069)
Miscellaneous Revenue	30,000	102,458	87,969	(14,489)
Donations	-	-	13,167	13,167
Earnings on Investments	14,500	33,000	37,598	4,598
Grants	8,000	1,000	786	(214)
Total Revenues	10,282,500	10,407,692	10,744,107	336,415
Expenditures				
Library				
Personnel Services	6,761,000	6,668,000	6,415,223	252,777
Operating Services	2,439,500	2,776,700	3,333,744	(557,044)
Capital Outlay	1,062,000	1,167,500	622,907	544,593
Total Expenditures	10,262,500	10,612,200	10,371,874	240,326
Net Change in Fund Balance	\$ 20,000	\$ (204,508)	372,233	\$ 576,741
Fund Balance, Beginning of Year			<u>14,081,920</u>	
Fund Balance, End of Year			<u>\$ 14,454,153</u>	

See independent auditor's report.

ST. TAMMANY LIBRARY
Schedule of Library's Proportionate Share of the
Net Pension Liability
For the Year Ended December 31, 2018

	2018	2017	2016	2015
Library's Portion of the Net Pension Liability (Asset)	0.649030%	0.640436%	0.632207%	0.647096%
Library's Proportionate Share of the Net Pension Liability (Asset)	\$ (481,741)	\$ 1,318,986	\$ 1,664,151	\$ 176,921
Library's Covered Payroll	\$ 3,669,200	\$ 3,745,040	\$ 3,613,937	\$ 3,375,696
Library's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	-13.13%	35.22%	46.05%	5.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	101.97%	94.15%	92.23%	99.15%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available. The amounts presented have a measurement date of the previous fiscal year-end.

See independent auditor's report.

ST. TAMMANY LIBRARY
Schedule of Library's Contributions to
Defined Benefit Pension Plan
For the Year Ended December 31, 2018

	2018	2017	2016	2015
Contractually Required Contribution	\$ 421,958	\$ 468,130	\$ 469,812	\$ 489,477
Contributions in Relation to the Contractually Required Contribution	<u>(421,958)</u>	<u>(468,130)</u>	<u>(469,812)</u>	<u>(489,477)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Library's Covered Payroll	\$ 3,669,200	\$ 3,745,040	\$ 3,613,937	\$ 3,375,696
Contributions as a Percentage of Covered Payroll	11.50%	12.50%	13.00%	14.50%

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

See independent auditor's report.

ST. TAMMANY LIBRARY
Schedule of Changes in Net OPEB Liability and Related Ratios
For the Year Ended December 31, 2018

	2018
Total OPEB Liability	
Service Cost	\$ 77,208
Interest Cost	36,125
Changes in Assumptions	(69,528)
Benefit Payments	<u>(46,252)</u>
Net Change in OPEB Liability	(2,447)
Total OPEB Liability - Beginning	<u>996,061</u>
Total OPEB Liability - Ending	<u><u>\$ 993,614</u></u>
Covered Employee Payroll	\$ 3,902,330
Net OPEB Liability as a Percentage of Covered Employee Payroll	25.46%

Notes to Schedule:

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

Changes in Assumptions. The discount rate as of December 31, 2018 was 4.10% and it increased from 3.44% at January 1, 2018.

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

See independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

ST. TAMMANY PARISH LIBRARY
Schedule of General Fund Expenditures
For the Year Ended December 31, 2018

Personnel Services	
Salaries and Wages	\$ 4,571,841
Employee Benefits	<u>1,843,382</u>
Total Personnel Services	<u>\$ 6,415,223</u>
 Operating Services	
Library Resource Acquisitions	\$ 716,221
Maintenance of Property and Equipment	496,472
Building and Equipment Leases	370,890
Utilities	278,091
Non-Book Acquisitions	270,606
Professional Services	269,775
Insurance	197,414
Operating Supplies	191,637
Communications	172,579
Maintenance of Services (Buildings)	160,167
Public Relations/Programming	105,528
Travel and Continuing Education	68,979
Printing, Duplicating, and Binding	12,473
Advertising, Dues, and Subscriptions	10,523
Promotional Production	8,737
Signage	<u>3,652</u>
Total Operating Services	<u>\$ 3,333,744</u>
 Capital Outlay	
Capital Outlay - Library Resource Acquisitions	\$ 489,357
Capital Outlay - Non-Book Acquisitions	<u>133,550</u>
Total Capital Outlay	<u>\$ 622,907</u>

See independent auditor's report.

ST. TAMMANY PARISH LIBRARY
Schedule of Governing Board
For the Year Ended December 31, 2018

Board of Control	Term Expiration	Compensation
Rebecca Taylor, President 35621 Garden Drive Slidell, LA 70460	July 12, 2022	\$-0-
Dr. Argiro Morgan, President 103 Brandon Place Mandeville, LA 70471	July 12, 2022	\$-0-
Ann Shaw 404 Twin River Drive Covington, LA 70433	July 12, 2022	\$-0-
Antoinette McClain 40290 Highway 190 East Slidell, LA 70461	January 5, 2020	\$-0-
Mary Reneau, Secretary 102 Augusta Court Slidell, LA 70460	July 12, 2022	\$-0-
Bill Allin 16 Bluebird Road Covington, LA 70433	March 22, 2022	\$-0-
John Danjean 36449 Frank Jackley Road Pearl River, LA 70452	July 12, 2022	\$-0-

See independent auditor's report.

ST. TAMMANY PARISH LIBRARY
Schedule of Compensation, Benefits, and Other Payments
to Agency Head
For the Year Ended December 31, 2018

Agency Head
 Kelly LaRocca, Director

Purpose	Amount
Salary	\$82,242
Benefits - Insurance	\$3,334
Benefits - Retirement	\$9,458
Benefits - Other	\$0
Car Allowance	\$0
Vehicle Provided by Government	\$122
Per Diem	\$116
Reimbursements	\$0
Travel	\$637
Registration Fees	\$0
Conference Travel	\$78
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

See independent auditor's report.

**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**

Independent Auditor's Report

To the Board of Control
St. Tammany Parish Library

Scenario

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 the major fund of St. Tammany Parish Library (the Library), a component unit of St. Tammany Parish, Louisiana, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements, and have issued our report thereon dated April 12, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered St. Tammany Parish 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of St. Tammany Parish Library's internal control. Accordingly, we do not express an opinion on the effectiveness of St. Tammany Parish 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 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 over financial reporting 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. Given these limitations, during our audit 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether St. Tammany Parish Library's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, described in the accompanying schedule of findings and responses as finding 2018-001.

The Library's Response to Finding

The Library's response to the finding 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 Library'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 Library's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



A Professional Accounting Corporation

Covington, LA
April 12, 2019

ST. TAMMANY PARISH LIBRARY
Schedule of Findings and Responses
For the Year Ended December 31, 2018

Part I - Summary of Auditor's Results

Financial Statements

- | | |
|--|------------|
| 1. Type of auditor's report issued: | Unmodified |
| 2. Internal control over financial reporting and compliance and other matters: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified? | No |
| c. Noncompliance material to the financial statements? | No |
| d. Other matters identified? | No |
| 3. Management letter comment provided? | None |

Federal Awards

Not applicable.

Part II - Findings Related to the Financial Statements

2018-001 Public Bid Law

Criteria: Louisiana Revised Statute 38:2212.1 requires local governmental entities to comply with the Public Bid Law for purchases exceeding the \$30,000 contract limit.

Condition: During the year ended December 31, 2018, the Library purchased a van which exceeded the contract limit of \$30,000. The Library solicited multiple quotes but did not publicly advertise the purchase as required by the Public Bid Law.

Cause: Management oversight.

Effect: Noncompliance with requirements of Louisiana Revised Statute 38:2212.1.

Recommendation: We recommend that management publicly advertise and comply with the Public Bid Law for purchases exceeding the \$30,000 contract limit.

Management's Response: Management will comply with the Louisiana Public Bid Law in all future purchases exceeding the contract limit.

AGREED-UPON PROCEDURES REPORT
St. Tammany Parish Library

Independent Accountant's Report
on Applying Agreed-Upon Procedures

For the Period of January 1, 2018 - December 31, 2018

To the Board of Control
St. Tammany Parish Library

We have performed the procedures enumerated below as they are a required part of the engagement. We are required to perform each procedure and report the results, including any exceptions. Management is required to provide a corrective action plan that addresses all exceptions noted. For any procedures that do not apply, we have marked "not applicable."

Management of St. Tammany Parish Library (the Library), a component unit of St. Tammany Parish, Louisiana, is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations. These procedures were agreed to by management of the Library and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about the Library's compliance with certain laws and regulations during the period of January 1, 2018 through December 31, 2018, in accordance with Act 774 of 2014 Regular Legislative Session. The sufficiency of these procedures is solely the responsibility of the Library and the Legislative Auditor. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which the report has been requested or for any other purpose.

Our procedures and results are as follows:

Library Fines/Fees

1. Obtain a listing of fines/fees collection locations and management's representation that the listing is complete.

Results: The Library has twelve locations that collect fines and fees: Abita Springs, Bush, Causeway, Covington, Folsom, Lacombe, Lee Road, Madisonville, Mandeville, Pearl River, Slidell, and South Slidell.

2. For each collection location, randomly select five account adjustments, obtain related supporting documentation, and report whether the adjustments were performed according to policy.

Results: All adjustments were performed according to the policy.

3. For each collection location:
 - a) Randomly select a week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - i. Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Results: Daily cash collections of books fines and fees were completely supported by system reports. Miscellaneous cash collections for faxes and prints are immaterial in nature and historically have not been tracked through the system. Of the \$1,613 tested, \$55 was related to these miscellaneous charges and could not be supported by documentation to evaluate completeness. For one branch, we noted that \$226 was deposited for the week for which there was no deposit documentation.

Ethics

4. Obtain and inspect the entity's written policies and procedures over ethics and observe that they address each of the following:
 - a) The prohibitions as defined in Louisiana Revised Statute 42:1111-1121;
 - b) Actions to be taken if an ethics violation takes place;
 - c) System to monitor possible ethics violations; and
 - d) Requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Results: The Library's written policies and procedures over ethics address all items listed above except for item d. The Library does not require an annual signature verification that they have read the ethics policy. Instead, a signature is only required upon hire.

5. Obtain a listing of employees (and elected officials) and obtain management's representation that the listing is complete. Randomly select five employees/officials, 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; and
 - 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.

Results: All five employees selected completed one hour of ethics training during the fiscal period. We noted that each of the five employees attested through signature verification that he or she has read the entity's ethics policy. However, the Library does not require signature verification each year. Instead, a signature is only required upon hire.

Non-Payroll Disbursements (excluding credit card/debit card/fuel card/P-Card purchases or payments)

6. Obtain and inspect the entity's written policies and procedures over purchasing and non-payroll disbursements and observe that they address (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; (5) documentation required to be maintained for all bids and price quotes, and (6) the processing, reviewing, and approving of disbursements.

Results: The Library's written policies and procedures for budgeting address all items listed above.

7. 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).

Results: The Library has one location that processes payments: Administrative Office located in Covington, LA.

8. For each location selected under #7 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.

Results: The Library has appropriate segregation of duties in place.

9. For each location selected under #7 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 (to include at least 1 disbursement for a non-book acquisition at or above the capitalization threshold, if applicable) for each location, obtain supporting documentation for each transaction, and observe that the disbursement matched the related original invoice/billing statement.

Results: Each disbursement selected matched the related original invoice. Of the five samples selected, one sample was a reissued check from a prior year mileage reimbursement.

10. Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #8, as applicable.

Results: Per inspection of the disbursement documentation, segregation of duties is in place.

Capital Assets

11. Obtain and inspect the entity's written policies and procedures over capital assets and observe that they address the process for tagging assets, performing an annual inventory, and disposing of assets.

Results: The Library's written policies and procedures for capital assets address all items listed above.

12. Obtain documentation from management for the most recent capital asset inventory count in which all assets were inventoried. Observe that the inventory count was performed no more than one year ago.

Results: The latest inventory count for the Library was completed as of November 30, 2018.

13. Obtain a listing of capital assets and obtain management's representation that the listing is complete. Randomly select 25 assets from the listing (to include the non-book acquisitions from Non-Payroll Disbursements, procedure #9 above, and at least 1 piece of artwork), physically locate each asset, and observe that each asset is tagged and agrees to the information on the listing as to the location, description, manufacturer, model, and serial number.

Results: No exceptions were found as a result of these procedures.

14. Select 10 capital assets in two physical locations (if entity has at least two physical locations) that meet the asset capitalization threshold (e.g., vehicles, office furniture, lawn mowers, artwork). Observe that each asset is tagged and trace to the listing from #13 above. Observe that each asset is included on the listing and agree the information on the listing to the location, description, manufacturer, model, and serial number of the asset, as applicable.

Results: No exceptions were found as a result of these procedures.

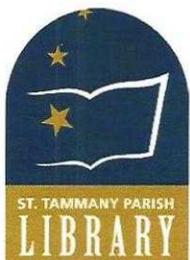
This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to perform, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion. 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.

This report is intended solely for the use of the management of St. Tammany Parish Library and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "LaPorte".

A Professional Accounting Corporation

Covington, LA
May 20, 2019



Mr. Daryl Purpera
Louisiana Legislative Auditor
1600 N 3rd St.
P.O. Box 94397
Baton Rouge, LA 70804-9397

RE: Act 774 Agreed-upon Procedures

The management of the St. Tammany Parish Library wishes to provide the following responses relative to the results of the 2018 Act 774 agreed-upon procedures engagement:

- 1) In response to the results of the Ethics section, item 4d and 5b, management will update the library's current ethics policy to require employees sign the ethics policy annually and assure that this task is completed before the end of every year.
- 2) In response to the results of the Library Fines/Fees section, item #3a, management will ensure that deposit documentation is prepared at all branches. 2018 was the year that the library completed the implementation of a new system to track all of the remaining undocumented collections of prints and faxes. We had predicted on last year's audit management response that this would be complete by July of 2018. We were successful, and as of August 2018 and going forward, all fines and fees have documentation. The week tested in April was before the implementation process was completed at all locations.

Sincerely,

Kelly LaRocca
Library Director

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