

# **ST. TAMMANY PARISH LIBRARY**

Audit of Financial Statements

December 31, 2021



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## Independent Auditor's Report

To the Board of Control  
St. Tammany Parish Library

### Report on the Audit of the Financial Statements

#### Opinions

We have audited 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, 2021, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Library as of December 31, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Correction of Error

As described in Note 13 to the financial statements prepaid expenses were understated by \$118,052 and capital assets were overstated by \$36,727 requiring an adjustment to beginning net position. Our opinion is not modified with respect to this matter.

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Library and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Library's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Library's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Library's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule on page 33, the pension schedules on pages 34 and 35, and the schedule of changes in net OPEB liability and related ratios on page 36, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 the 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

### **Supplementary 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 schedule of general fund expenditures, the schedule of governing board and the schedule of compensation, benefits, and other payments to agency head are presented for purposes of additional analysis and are 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. The 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 schedule of general fund expenditures, the schedule of governing board and the schedule of compensation, benefits, and other payments to agency head are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2022 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 and grant agreements, and other matters. The purpose of that report is solely 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 effectiveness of the Library's 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  
May 3, 2022

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

**ST. TAMMANY PARISH LIBRARY**  
**Statement of Net Position**  
**December 31, 2021**

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash	\$ 5,302,370
Intergovernmental Receivable - Ad Valorem Taxes, Net	11,328,967
Intergovernmental Receivable - State Revenue Sharing	251,523
Other Receivables	2,947
Deposits	1,981
Prepaid Expenses and Other Current Assets	181,717
Net Pension Asset	1,084,095
Capital Assets, Net of Accumulated Depreciation	<u>3,427,247</u>
<b>Total Assets</b>	<u>21,580,847</u>
<b>Deferred Outflows of Resources</b>	
Deferred Outflows Related to Pension Obligation	1,125,624
Deferred Outflows Related to Other Postemployment	<u>85,850</u>
<b>Total Deferred Outflows of Resources</b>	<u>1,211,474</u>
<b>Liabilities</b>	
Accounts Payable	4,641
Accrued Payroll Liabilities	363,884
Claims Payable	148,211
Compensated Absences	551,412
Net Other Postemployment Benefit Obligation (OPEB)	<u>1,373,281</u>
<b>Total Liabilities</b>	<u>2,441,429</u>
<b>Deferred Inflows of Resources</b>	
Deferred Inflows Related to Pension Obligation	2,262,136
Deferred Inflows Related to Other Postemployment	<u>44,792</u>
<b>Total Deferred Inflows of Resources</b>	<u>2,306,928</u>
<b>Net Position</b>	
Net Investment in Capital Assets	3,427,247
Unrestricted	<u>14,616,717</u>
<b>Total Net Position</b>	<u><u>\$ 18,043,964</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, 2021**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
<b>Governmental Activities</b>				
Library	\$ 11,037,027	\$ 49,665	\$ 110,801	\$ (10,876,561)
<b>General Revenues</b>				
Intergovernmental Revenue - Ad Valorem Taxes, Net				11,432,819
Intergovernmental Revenue - State Revenue Sharing				251,523
Miscellaneous Revenues				1,267
Earnings on Investments				1,142
<b>Total General Revenues</b>				<u>11,686,751</u>
<b>Change in Net Position</b>				<u>810,190</u>
<b>Net Position, Beginning of Year</b>				<u>17,152,449</u>
<b>Prior Period Adjustment</b>				<u>81,325</u>
<b>Net Position, Beginning of Year, Restated</b>				<u>17,233,774</u>
<b>Net Position, End of Year</b>				<u>\$ 18,043,964</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, 2021**

	<b>General Fund</b>
<b>Assets</b>	
Cash	\$ 5,302,370
Intergovernmental Receivable - Ad Valorem Taxes, Net	11,328,967
Intergovernmental Receivable - State Revenue Sharing	251,523
Other Receivables	2,947
Prepaid Expenses	181,717
Deposits	<u>1,981</u>
<b>Total Assets</b>	<b><u>\$ 17,069,505</u></b>
<b>Liabilities</b>	
Accounts Payable	\$ 4,641
Accrued Payroll Liabilities	363,884
Claims Payable	<u>148,211</u>
<b>Total Liabilities</b>	<b><u>516,736</u></b>
<b>Deferred Inflows of Resources</b>	
Unavailable Ad Valorem Taxes	<u>358,970</u>
<b>Total Deferred Inflows of Resources</b>	<b><u>358,970</u></b>
<b>Fund Balance</b>	
Nonspendable	181,717
Assigned	4,667,000
Unassigned	<u>11,345,082</u>
<b>Total Fund Balance</b>	<b><u>16,193,799</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b><u>\$ 17,069,505</u></b>

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

**ST. TAMMANY PARISH LIBRARY**  
**Reconciliation of the Governmental Fund Balance Sheet**  
**to the Statement of Net Position**  
**December 31, 2021**

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

<b>Total Fund Balance</b>	\$ 16,193,799
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	3,427,247
Deferred inflows of resources - unavailable ad valorem taxes are not reported on government-wide financial statements.	358,970
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(551,412)
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.	(1,136,512)
The Library follows the requirements of GASB Statement No. 75, which provides for the recognition of OPEB and related deferred outflows and inflows of resources.	41,058
Long-term assets/liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those assets/liabilities consist of:	
Net Pension Asset	1,084,095
Net Other Postemployment Benefit Obligation (OPEB)	<u>(1,373,281)</u>
<b>Net Position of Governmental Activities</b>	<u><u>\$ 18,043,964</u></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, 2021**

	<b>General Fund</b>
<b>Revenues</b>	
Intergovernmental Revenue - Ad Valorem Taxes, Net	\$ 11,114,511
Intergovernmental Revenue - State Revenue Sharing	251,523
Fines and Fees	49,665
Donations	9,056
Grants	49,765
Earnings on Investments	1,142
Miscellaneous Revenues	<u>1,267</u>
<b>Total Revenues</b>	<u>11,476,929</u>
<b>Expenditures</b>	
Library	
Personnel Services	7,295,148
Operating Services	3,120,542
Capital Outlay	<u>1,279,920</u>
<b>Total Expenditures</b>	<u>11,695,610</u>
<b>Net Change in Fund Balance</b>	<u>(218,681)</u>
<b>Fund Balance, Beginning of Year</b>	16,294,428
<b>Prior Period Adjustment</b>	<u>118,052</u>
<b>Fund Balance, Beginning of Year, Restated</b>	<u>16,412,480</u>
<b>Fund Balance, End of Year</b>	<u><u>\$ 16,193,799</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, 2021**

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<b>Net Change in Fund Balance - Total Governmental Fund</b>	<b>\$</b>	<b>(218,681)</b>
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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 capital outlays exceeded depreciation in the current period.		392,367
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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		318,308
Contributions Made to Retirement Plan by Other Governments		51,980

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		(18,774)
Change in the Net Pension Liability and Related Deferred Amounts		386,008
Change in Other Postemployment Benefit Obligation (OPEB) and Related Deferred Outflows and Inflows of Resources		(101,018)

<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b><u>810,190</u></b>
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The accompanying notes are an integral part of these financial statements.

## ST. TAMMANY PARISH LIBRARY

### Notes to Financial Statements

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#### 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 (U.S. 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 (R.S.) 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 2021, 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

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#### Note 1. Summary of Significant Accounting Policies (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% 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

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#### 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 2021. These amendments are reflected in the budgetary comparison schedule of this report.



# ST. TAMMANY PARISH LIBRARY

## Notes to Financial Statements

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### 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 \$270,510, which represents 2% of the total ad valorem tax receivable at December 31, 2021. 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:

Library Materials	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 \$887,553 for the year ended December 31, 2021.

# ST. TAMMANY PARISH LIBRARY

## Notes to Financial Statements

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### 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 System) and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. 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

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#### 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 only 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

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### **Adoption of New Accounting Pronouncement**

In the current year, the Library adopted GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of GASB 89 are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. The adoption of this standard did not have an impact on the financial statements or the notes to the financial statements.

##### **New Accounting Pronouncements**

The GASB issued Statement No. 87, *Leases*. 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. In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postponing the effective date of GASB 87 to reporting periods beginning after June 15, 2021.

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. The Statement is effective for fiscal years beginning after June 15, 2022.

The GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. This Statement amends Questions 4.3 and 4.5 of Implementation Guide 201-2. The requirements of this Statement related to the accounting and financial reporting for Internal Revenue Code Section 457 plans are effective for fiscal years beginning after June 15, 2021.

## ST. TAMMANY PARISH LIBRARY

### Notes to Financial Statements

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#### Note 2. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents (book balances) at December 31, 2021:

Demand Deposits	<u>\$ 5,302,370</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 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, 2021, \$5,373,277 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.

#### Note 3. Assigned Fund Balance

At December 31, 2021, assigned fund balance of the General Fund consisted of the following:

Operational Reserves	\$ 2,500,000
Disaster/Emergency Funds	1,475,000
Slidell Branch Furniture	500,000
Causeway Branch Furniture	24,000
Mandeville Branch Furniture	<u>168,000</u>
<b>Total</b>	<u><u>\$ 4,667,000</u></u>

# ST. TAMMANY PARISH LIBRARY

## Notes to Financial Statements

### Note 4. Capital Assets

Capital assets activity for the year ended December 31, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 473,285	\$ -	\$ -	\$ 473,285
<b>Capital Assets Being Depreciated</b>				
Artwork	49,464	-	-	49,464
Library Materials	8,001,322	1,061,977	(711,790)	8,351,509
Vehicles	229,896	-	-	229,896
Computers	51,903	112,185	-	164,088
Building Improvements	1,781,605	9,100	(10,824)	1,779,881
Furniture and Equipment	1,759,795	96,658	-	1,856,453
<b>Total Capital Assets Being Depreciated</b>	<b>11,873,985</b>	<b>1,279,920</b>	<b>(722,614)</b>	<b>12,431,291</b>
<b>Less Accumulated Depreciation for:</b>				
Artwork	(24,544)	(7,066)	-	(31,610)
Library Materials	(6,844,223)	(658,816)	675,064	(6,827,975)
Vehicles	(161,956)	(20,975)	-	(182,931)
Computers	(33,831)	(8,232)	-	(42,063)
Building Improvements	(844,801)	(69,568)	10,824	(903,545)
Furniture and Equipment	(1,366,309)	(122,896)	-	(1,489,205)
<b>Total Accumulated Depreciation</b>	<b>(9,275,663)</b>	<b>(887,553)</b>	<b>685,888</b>	<b>(9,477,329)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>2,598,322</b>	<b>392,367</b>	<b>(36,726)</b>	<b>2,953,962</b>
<b>Capital Assets, Net</b>	<b>\$ 3,071,607</b>	<b>\$ 392,367</b>	<b>\$ (36,726)</b>	<b>\$ 3,427,247</b>

### Note 5. 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 1<sup>st</sup> 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 2020. Taxes are due and payable by December 31<sup>st</sup> 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

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#### Note 6. 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 \$251,523 for the year ended December 31, 2021. Receivables for state revenue sharing for the year ended December 31, 2021 were \$251,523.

#### Note 7. 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 are 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, 2021. These liabilities are reported at their present value of \$148,211. Changes in the balances of claims liabilities during the years ended December 31, 2021, 2020, and 2019 were as follows:

	2021	2020	2019
Beginning of Year Liability	\$ 57,235	\$ 68,936	\$ 64,894
Claims and Changes in Estimates	1,123,165	853,618	1,021,295
Claims Payments	(1,032,189)	(865,319)	(1,017,253)
<b>Balance at Fiscal Year End</b>	<b>\$ 148,211</b>	<b>\$ 57,235</b>	<b>\$ 68,936</b>

## ST. TAMMANY PARISH LIBRARY

### Notes to Financial Statements

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#### Note 7. Risk Management (Continued)

A stop-loss insurance contract executed with an insurance carrier covers aggregate claims in excess of \$1,057,401 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.

#### Note 8. 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. PERS 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



## ST. TAMMANY PARISH LIBRARY

### Notes to Financial Statements

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#### Note 8. Pension Plan (Continued)

##### Plan Description (Continued)

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.

##### 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 12.25% of annual covered salary for the year ended December 31, 2021.

As provided by R.S. 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, 2021, 2020, and 2019 were \$505,912, \$507,438, and \$453,715, 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, 2021, the Library reported a net pension asset of \$1,084,095 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2020, and was determined by actuarial valuation as of that date. The Library's proportion of the net pension asset was based on a projection of the Library's long-term share of contributions to the pension plan relative to the projected contributions of all municipalities, actuarially determined. At December 31, 2020, the Library's proportion was 0.618277%.

**ST. TAMMANY PARISH LIBRARY**

**Notes to Financial Statements**

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**Note 8. Pension Plan (Continued)**

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

For the year ended December 31, 2021, the Library recognized pension expense of \$118,554. At December 31, 2021, the Library reported deferred outflows of resources and deferred inflows of resources related to its pension from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ 263,940	\$ 129,393
Changes in Assumptions	354,682	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	2,115,839
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	1,090	16,904
Library Contributions Subsequent to the Measurement Date	505,912	-
<b>Total</b>	<u>\$ 1,125,624</u>	<u>\$ 2,262,136</u>

In the year ending December 31, 2021, \$505,912 reported as deferred outflows of resources related to pensions resulting from the Library's contributions subsequent to the measurement date will be recognized.

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

<b>Year Ending December 31,</b>	<b>Amount</b>
2022	\$ (463,130)
2023	(161,067)
2024	(672,564)
2025	<u>(345,663)</u>
<b>Total</b>	<u>\$ (1,642,424)</u>

## ST. TAMMANY PARISH LIBRARY

### Notes to Financial Statements

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#### Note 8. Pension Plan (Continued)

##### Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the net pension liability as of December 31, 2021 is as follows:

Valuation Date	December 31, 2020
Actuarial Cost Method	Entry Age Normal
Investment Return	6.40% (Net of Investment Expense)
Expected Remaining Service Lives	4 Years
Projected Salary Increases	4.75% (2.35% Merit / 2.40% 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	Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females using MP2018 scale for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females using MP2018 scale. Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale for disabled annuitants.
Inflation Rate	2.30%

The discount rate used to measure the total net pension liability was 6.40% 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.

## ST. TAMMANY PARISH LIBRARY

### Notes to Financial Statements

#### Note 8. Pension Plan (Continued)

##### Actuarial Assumptions (Continued)

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 7.00% for the year ended December 31, 2020.

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, 2020 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Fixed Income	33%	0.86%
Equity	51%	3.36%
Alternatives	14%	0.67%
Real Assets	2%	0.11%
	100%	5.00%
Inflation		2.00%
Expected Arithmetic Normal Return		7.00%

##### Sensitivity to Changes in Discount Rate

The following presents the net pension liability (asset) of the Library using the discount rate of 6.40% as well as what the liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.40%) or one percentage point higher (7.40%) than the current rate:

	1% Decrease 5.40%	Current Discount Rate 6.40%	1% Increase 7.40%
Library's Proportionate Share of the Net Pension Liability (Asset)	\$ 2,273,031	\$ (1,084,095)	\$ (3,895,619)

## ST. TAMMANY PARISH LIBRARY

### Notes to Financial Statements

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#### Note 9. 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, P.O. Box 94397, Baton Rouge, Louisiana 70804-9397.

#### Note 10. Other Postemployment Benefits (OPEB)

In addition to the pension benefits described in Note 8, 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, 2021, the Library contributed \$54,149 to the plan on behalf of the retirees.

##### Employees Covered by Benefit Terms

At December 31, 2021, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	16
Active Plan Members	<u>108</u>
<b>Total</b>	<u><u>124</u></u>

##### Total OPEB Liability

The Library's total OPEB liability of \$1,373,281 was determined by an actuarial valuation as of December 31, 2020 and measured as of December 31, 2021.

# ST. TAMMANY PARISH LIBRARY

## Notes to Financial Statements

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### Note 10. Other Postemployment Benefits (OPEB) (Continued)

#### Total OPEB Liability (Continued)

##### Actuarial Assumptions and Other Inputs

The total OPEB liability at December 31, 2021 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	4.0%, including inflation
Investment Rate of Return	2.12% annually (beginning of year) 2.06% 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	Pub-2010 mortality table with generational scale MP-2020

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index as of December 31, 2021, the end of the applicable measurement period.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of ongoing evaluations of the assumptions.

#### Changes in the Total OPEB Liability

	<b>Net Liability</b>
Balance at January 1, 2021	\$ 1,286,350
Changes for the Year	
Service Cost	102,936
Interest Cost	28,879
Differences between Expected and Actual Experience	-
Changes in Assumptions	9,265
Benefit Payments	<u>(54,149)</u>
Net Changes for the Year	<u>86,931</u>
<b>Balance as of December 31, 2021</b>	<b><u><u>\$ 1,373,281</u></u></b>

**ST. TAMMANY PARISH LIBRARY**

**Notes to Financial Statements**

**Note 10. Other Postemployment Benefits (OPEB) (Continued)**

**Changes in the Total OPEB Liability (Continued)**

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate* - The following presents the total OPEB liability of the Library, as well as what the Library's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.06%) or one percentage point higher (3.06%) than the current discount rate:

	<b>1.0% Decrease</b>	<b>Discount Rate 2.06%</b>	<b>1.0% Increase</b>
Net OPEB Liability	\$ 1,550,000	\$ 1,373,281	\$ 1,224,000

*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:

	<b>1.0% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1.0% Increase</b>
Net OPEB Liability	\$ 1,303,000	\$ 1,373,281	\$ 1,456,000

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

For the year ended December 31, 2021, the Library recognized OPEB expense of \$96,444. At December 31, 2021, the Library reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes in Assumptions	\$ 85,850	
Differences Between Actual and Expected Experience	-	44,792
<b>Total</b>	<b>\$ 85,850</b>	<b>\$ 44,792</b>

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

<b>Year Ending December 31,</b>	<b>Amount</b>
2022	\$ 32,891
2023	6,053
2024	2,114
<b>Total</b>	<b>\$ 41,058</b>

## ST. TAMMANY PARISH LIBRARY

### Notes to Financial Statements

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#### Note 11. 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, 2021 was \$300,509. Future minimum lease payments are as follows:

Year Ending December 31,	Amount
2022	\$ 167,472
2023	<u>97,875</u>
<b>Total</b>	<b><u>\$ 265,347</u></b>

#### Note 12. Compensation of Board Members

No compensation was paid to board members for the year ended December 31, 2021.

#### Note 13. 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 1<sup>st</sup> beginning in 2009, and interest is due semi-annually on March 1<sup>st</sup> and September 1<sup>st</sup> 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.



# ST. TAMMANY PARISH LIBRARY

## Notes to Financial Statements

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### Note 13. Commitments (Continued)

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:

<b>Year Ending December 31,</b>	<b>Amount</b>
2022	\$ 423,694
2023	424,165
2024	428,456
2025	431,669
2026	<u>434,031</u>
<b>Total</b>	<b><u>\$ 2,142,015</u></b>

### Note 14 Prior Period Adjustment

The government-wide financial statements include a prior period adjustment increasing net position by \$81,325 which corrects an error on the December 31, 2020 financial statements related to an understatement of prepaid expenses and an overstatement of capital assets. Accordingly, the balances in prepaid expenses and capital assets have all been adjusted to reflect the correction of this error.

## **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, 2021**

	Budgetary Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Intergovernmental Revenue -				
Ad Valorem Taxes, Net	\$ 10,551,923	\$ 11,300,476	\$ 11,114,511	\$ (185,965)
Intergovernmental Revenue -				
State Revenue Sharing	251,523	251,600	251,523	(77)
Fines and Fees	100,000	48,000	49,665	1,665
Donations	21,000	31,000	9,056	(21,944)
Grants	-	50,765	49,765	(1,000)
Earnings on Investments	15,000	1,400	1,142	(258)
Miscellaneous Revenue	1,500	1,744	1,267	(477)
<b>Total Revenues</b>	<b>10,940,946</b>	<b>11,684,985</b>	<b>11,476,929</b>	<b>(208,056)</b>
<b>Expenditures</b>				
Library				
Personnel Services	7,426,500	7,276,319	7,295,148	(18,829)
Operating Services	2,253,050	2,655,062	3,120,542	(465,480)
Capital Outlay	1,261,000	1,971,230	1,279,920	691,310
<b>Total Expenditures</b>	<b>10,940,550</b>	<b>11,902,611</b>	<b>11,695,610</b>	<b>207,001</b>
<b>Net Change in Fund Balance</b>	<b>\$ 396</b>	<b>\$ (217,626)</b>	<b>(218,681)</b>	<b>\$ (1,055)</b>
<b>Fund Balance, Beginning of Year, Restated</b>			<u>16,412,480</u>	
<b>Fund Balance, End of Year</b>			<u>\$ 16,193,799</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, 2021**

	2021	2020	2019	2018	2017	2016	2015
Library's Portion of the Net Pension Liability (Asset)	0.618277%	0.617355%	0.638432%	0.649030%	0.640436%	0.632207%	0.647096%
Library's Proportionate Share of the Net Pension Liability (Asset)	\$(1,084,095)	\$ 29,062	\$ 2,833,590	\$ (481,741)	\$ 1,318,986	\$ 1,664,151	\$ 176,921
Library's Covered Payroll	\$ 4,056,004	\$ 3,941,826	\$ 3,669,200	\$ 3,745,040	\$ 3,613,937	\$ 3,375,696	\$ 3,384,421
Library's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	-26.73%	0.74%	77.23%	-12.86%	36.50%	49.30%	5.23%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	104.00%	99.88%	88.86%	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, 2021**

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually Required Contribution	\$ 505,912	\$ 507,438	\$ 453,715	\$ 421,958	\$ 468,130	\$ 469,812	\$ 489,477
Contributions in Relation to the Contractually Required Contribution	(505,912)	(507,438)	(453,715)	(421,958)	(468,130)	(469,812)	(489,477)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Library's Covered Payroll	\$ 3,961,970	\$ 4,056,004	\$ 3,941,826	\$ 3,669,200	\$ 3,745,040	\$ 3,613,937	\$ 3,375,696
Contributions as a Percentage of Covered Payroll	12.77%	12.51%	11.51%	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, 2021**

	2021	2020	2019	2018
<b>Total OPEB Liability</b>				
Service Cost	\$ 102,936	\$ 88,959	\$ 80,374	\$ 77,208
Interest Cost	28,879	34,475	43,063	36,125
Difference between Expected and Actual Experience	-	(92,264)	-	-
Changes in Assumptions	9,265	108,341	121,968	(69,528)
Benefit Payments	(54,149)	(44,826)	(47,354)	(46,252)
<b>Net Change in OPEB Liability</b>	86,931	94,685	198,051	(2,447)
<b>Total OPEB Liability - Beginning</b>	1,286,350	1,191,665	993,614	996,061
<b>Total OPEB Liability - Ending</b>	<u>\$ 1,373,281</u>	<u>\$ 1,286,350</u>	<u>\$ 1,191,665</u>	<u>\$ 993,614</u>
Covered Employee Payroll	\$ 4,356,955	\$ 4,356,955	\$ 3,980,000	\$ 3,902,330
Net OPEB Liability as a Percentage of Covered-Employee Payroll	31.52%	29.52%	29.94%	25.46%

Notes to Schedule:

*Benefit Changes.* There were no changes of benefit terms for the year ended December 31, 2021.

*Changes in Assumptions.* The discount rate as of December 31, 2020 was 2.06% and it decreased from 2.12% at January 1, 2019.

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, 2021**

<b>Personnel Services</b>	
Salaries and Wages	\$ 4,991,161
Employee Benefits	<u>2,303,987</u>
<b>Total Personnel Services</b>	<b><u>\$ 7,295,148</u></b>
<b>Operating Services</b>	
Library Resource Acquisitions	\$ 854,488
Maintenance of Property and Equipment	530,905
Building and Equipment Leases	308,260
Utilities	273,369
Insurance	217,292
Maintenance of Services (Buildings)	202,405
Professional Services	173,603
Operating Supplies	139,623
Communications	136,294
Non-Book Acquisitions	121,454
Public Relations/Programming	82,397
Travel and Continuing Education	29,918
Advertising, Dues, and Subscriptions	28,164
Printing, Duplicating, and Binding	12,300
Promotional Production	6,664
Signage	<u>3,406</u>
<b>Total Operating Services</b>	<b><u>\$ 3,120,542</u></b>
<b>Capital Outlay</b>	
Capital Outlay - Library Resource Acquisitions	\$ 1,061,977
Capital Outlay - Non-Book Acquisitions	<u>217,943</u>
<b>Total Capital Outlay</b>	<b><u>\$ 1,279,920</u></b>

See independent auditor's report.



**ST. TAMMANY PARISH LIBRARY**  
**Schedule of Governing Board**  
**For the Year Ended December 31, 2021**

<b>Board of Control</b>	<b>Term Expiration</b>	<b>Compensation</b>
Rebecca Taylor, President 35621 Garden Drive Slidell, LA 70460	July 12, 2022	\$-0-
Dr. Argiro Morgan 103 Brandon Place Mandeville, LA 70471	July 12, 2022	\$-0-
Ann Shaw, Vice-President 404 Twin River Drive Covington, LA 70433	July 21, 2022	\$-0-
Carmen Butler 39426 Highway 1906 Slidell, LA 70461	June 30, 2024	\$-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-

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, 2021**

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**Agency Head**  
 Kelly LaRocca, Director

<b>Purpose</b>	<b>Amount</b>
Salary	\$100,153
Benefits - Insurance	\$0
Benefits - Retirement	\$12,269
Benefits - Other	\$0
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$1,337
Registration Fees	\$0
Conference Travel	\$0
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

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, 2021, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements, and have issued our report thereon dated May 3, 2022.

**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) as a basis for designing 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 financial statement. 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*.

**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  
May 3, 2022

**ST. TAMMANY PARISH LIBRARY**  
**Schedule of Findings and Responses**  
**For the Year Ended December 31, 2021**

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**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.

## **AGREED-UPON PROCEDURES REPORT**

St. Tammany Parish Library

Independent Accountant's Report  
On Applying Agreed-Upon Procedures

**For the Period of January 1, 2021 - July 31, 2021**

To the Board of Control of the  
St. Tammany Parish Library, and  
the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified by the Louisiana Legislative Auditor's (LLA) Agreed-Upon Procedures (AUPs) in accordance with the authority of Act 774 of the 2014 Regular Legislative Session for the period from January 1, 2021 through July 31, 2021. The St. Tammany Parish Library's management is responsible for those C/C areas identified in the AUPs.

Management of the St. Tammany Parish Library (the Library) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified by the LLA's AUPs in accordance with the authority of Act 774 of the 2014 Regular Legislative Session for the period January 1, 2021 to July 31, 2021. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate to meet its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

### ***Contracts***

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1. Obtain and inspect the entity's written policies and procedures over contracting and observe that they address (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

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

**Results:** No exceptions were identified as a result of performing these procedures.

### ***Fraud Notice***

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1. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
2. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

**Results:** No exceptions were identified as a result of performing these procedures.

### ***Capital Assets***

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1. 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.
2. 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.

3. Obtain a listing of capital assets and obtain management's representation that the listing is complete. Randomly select 25 assets from the listing, 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.
4. 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). Observe that each asset is tagged and trace to the listing from #3 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.

**Results:** For items 3 and 4 above, we noted 4 capital assets which were computers which did not have serial numbers on the inventory listing provided by management. No other exceptions were identified in the performance of these procedures.

We were engaged by the St. Tammany Parish Library to perform this agreed-upon procedures engagement and conducted our engagement 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 and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those control and compliance areas identified by the LLA. 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.

We are required to be independent of the St. Tammany Parish Library and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

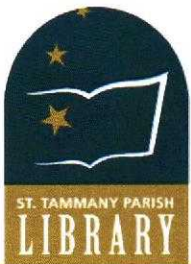
This report is intended solely to describe the scope of testing performed on those C/C areas identified by the LLA's AUPs in accordance with the authority of Act 774 of the 2014 Regular Legislative Session for the period January 1, 2021 to July 31, 2021, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

Covington, Louisiana  
June 7, 2022





Mr. Michael J. Waguespack  
Louisiana Legislative Auditor  
1600 N 3<sup>rd</sup> 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 2021 Act 774 agreed-upon procedures engagement:

1. Capital Assets Inventory – The Library migrated to a new inventory system in the spring of 2021. During the migration, each computer serial number had to be manually linked to its corresponding asset tag. We missed these four computers during the process. The Library will complete the linking process for the four computers which did not have serial numbers in the inventory listing. The Library will review the entire listing and ensure that serial numbers are included for all applicable capital assets.

Sincerely,

Kelly LaRocca  
Director

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ADMINISTRATIVE OFFICE  
1112 WEST 21<sup>ST</sup> AVENUE COVINGTON, LA 70433  
PH: (985) 871-1219 FAX: (985) 871-1224

ABITA SPRINGS (985) 893-6285

BUSH (985) 886-3588

CAUSEWAY (985) 626-9779

COVINGTON (985) 893-6280

FOLSOM (985) 796-9728

LACOMBE (985) 882-7858

LEE RD (985) 893-6284

MADISONVILLE (985) 845-4819

MANDEVILLE (985) 626-4293

PEARL RIVER (985) 863-5518

SLIDELL (985) 646-6470

SOUTH SLIDELL (985) 781-0099