

St. John the Baptist Parish Library

LaPlace, Louisiana

FINANCIAL REPORT

December 31, 2019



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St. John the Baptist Parish Library
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December 31, 2019

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Carr, Riggs & Ingram, LLC
111 Veterans Blvd., Suite 350
Metairie, Louisiana 70005

(504) 833-2436
(504) 484-0807 (fax)
www.CRIcpa.com

INDEPENDENT AUDITORS' REPORT

To the President and Board of Control
St. John the Baptist Parish Library
LaPlace, Louisiana

We have audited the accompanying financial statements of the governmental activities and the major fund of the St. John the Baptist Parish Library (the "Library") as of and for the year ended December 31, 2019, 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.

Auditors' 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 auditors' 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 auditors consider internal control relevant to the Library'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 Library'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, 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Information, and required pension and OPEB schedules, 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 Schedule of Compensation, Benefits, and Other Payments to Agency Head and Schedule of Compensation to Board of Control Members are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Compensation, Benefits, and Other Payments to Agency Head and Schedule of Compensation to Board of Control Members are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits, and Other Payments to Agency Head and Schedule of Compensation to Board of Control Members 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 September 30, 2020 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 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.

Car, Riggs & Ingram, L.L.C.

Metairie, Louisiana
September 30, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

St. John the Baptist Parish Library Management's Discussion and Analysis For the Year Ended December 31, 2019

Management's Discussion and Analysis ("MD&A") of the St. John the Baptist Parish Library's (the "Library") financial performance presents a narrative overview and analysis of the Library's financial activities for the year ended December 31, 2019. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the additional information contained in the basic financial statements. The MD&A is a required element of the reporting model adopted by the Governmental Accounting Standards Board ("GASB") in its codification. Certain comparative information between the current year and prior year has been presented in the MD&A.

FINANCIAL HIGHLIGHTS

The Library's assets and deferred outflows exceed its liabilities and deferred inflows by \$17.3 million, which represent a 5.68% increase from last year.

The Library's revenues increased by \$468,444 (or 10.83%), principally due to an increase in ad valorem revenue during the current year.

The Library's expenses decreased by \$45,686 which represents a 1.17% decrease principally due to a decrease in the purchase of materials and supplies during the current year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Library's basic financial statements. The Library's financial report consists of three parts: (1) management's discussion and analysis (this section), (2) basic financial statements, and (3) required supplementary information.

The basic financial statements present information for the Library as a whole, in a format designed to make the statements easier for the reader to understand. The financial statements in this section are divided into the two following types:

- (1) Government-Wide Financial Statements, which include the Statement of Net Position and Statement of Activities. These statements present financial information for all activities of the Library from an economic resources measurement focus using the accrual basis of accounting and providing both short-term and long-term information about the Library's overall financial status.

- (2) Fund Financial Statements, which includes a Balance Sheet and a Statement of Revenues, Expenses, and Changes in Fund Balance for the General Fund (a governmental fund). These financial statements present information on the individual fund of the Library allowing for more detail. The current financial resources measurement focus and the accrual basis of accounting used to prepare these statements is dependent on the fund type. The Library's main governmental fund is the General Fund. The statements in this section represent the short-term financing of general government.

**St. John the Baptist Parish Library
Management's Discussion and Analysis
For the Year Ended December 31, 2019**

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the Library's financial position. As of December 31, 2019, assets and deferred outflows exceeded liabilities and deferred inflows by \$17,312,639.

The Library has a net position "restricted" for an endowment totaling \$5,000 and earnings of \$2,833 that are restricted for book purchases. Restricted net positions represent those portions of net positions legally or contractually segregated for a specific future use.

The Library also has "unrestricted" net positions, and those are net positions that do not have any limitations on what the amounts may be used for.

CONDENSED STATEMENTS OF NET POSITION

	2019	2018 (as restated)	Dollar Change	Total % Change
Current assets	\$ 14,643,893	\$ 13,040,708	\$ 1,603,185	12.29%
Capital assets, net	5,619,330	5,850,763	(231,433)	-3.96%
Total assets	20,263,223	18,891,471	1,371,752	7.26%
Deferred outflows of resources	1,040,562	271,909	768,653	282.69%
Total assets and deferred outflows	21,303,785	19,163,380	2,140,405	11.17%
Current liabilities	172,027	522,749	(350,722)	-67.09%
Non-current liabilities	2,844,205	1,735,933	1,108,272	63.84%
Total liabilities	3,016,232	2,258,682	757,550	33.54%
Deferred inflows of resources	974,914	523,272	451,642	86.31%
Total liabilities and deferred inflows	3,991,146	2,781,954	1,209,192	43.47%
Net position:				
Net investment in capital assets	5,619,330	5,850,763	(231,433)	-3.96%
Restricted for endowment	5,000	5,000	-	0.00%
Restricted for book purchases	2,833	-	2,833	100.00%
Unrestricted	11,685,476	10,525,663	1,159,813	11.02%
Total net position	\$ 17,312,639	\$ 16,381,426	\$ 931,213	5.68%

**St. John the Baptist Parish Library
Management's Discussion and Analysis
For the Year Ended December 31, 2019**

The Library's total assets increased by \$1,371,752 which was the result of significant efforts to reduce spending along with a significant increase in receipts of ad valorem taxes as compared to 2018. Total liabilities increased by \$757,550 due to increases of \$1,264,076 in pension and OPEB liabilities offset by decreases in accounts payable as a result of reduced spending.

Governmental activities increased the Library's net position by \$931,213. Key elements of this increase are as follows:

CONDENSED STATEMENTS OF ACTIVITIES

	2019	2018 (as restated)	Dollar Change	Total % Change
Revenues:				
Program revenues				
Charges for services	\$ 42,777	\$ 42,801	\$ (24)	-0.06%
General revenues				
Ad valorem taxes, net	4,573,914	4,135,920	437,994	10.59%
State revenue sharing	88,010	88,282	(272)	-0.31%
Non-employer pension contributions	12,401	12,447	(46)	-0.37%
Interest earnings	51,323	27,852	23,471	84.27%
Other revenue	25,488	18,167	7,321	40.30%
Total revenues	4,793,913	4,325,469	468,444	10.83%
Expenses:				
Personal services	2,069,924	1,866,944	202,980	10.87%
Operating services	1,042,888	772,641	270,247	34.98%
Material and supplies	227,983	732,387	(504,404)	-68.87%
Travel and other charges	2,101	9,051	(6,950)	-76.79%
Depreciation	519,804	527,363	(7,559)	-1.43%
Total expenses	3,862,700	3,908,386	(45,686)	-1.17%
Change in net position	931,213	417,083	514,130	123.27%
Net position beginning of year	16,381,426	15,964,343	417,083	2.61%
Net position end of year	\$ 17,312,639	\$ 16,381,426	\$ 931,213	5.68%

The largest source of revenue for the Library was ad valorem (property) taxes which increased by \$437,994 compared to 2018. Charges for services consisting of fines and fees for library charges, remained constant compared to 2018.

St. John the Baptist Parish Library Management's Discussion and Analysis For the Year Ended December 31, 2019

The most significant changes in expenses included increases in personal and operating services and a decrease in material and supplies. Personal services increased \$202,980 due to an increase in salaries for the interim library director as well as raises in 2019. The increase in operating services primarily resulted from additional expenditures related to an increase in security detail services, increased auditing fees, increased professional services for forensic accounting, and payroll processing fees because the Library switched to ADP in 2019. The decrease in material and supplies of \$504,404 as compared to 2018 was due to significant increased effort by management and the Board to reduce costs. There were also significant purchases of furniture, computers and associated software in 2018 that did not meet the capitalization threshold.

GOVERNMENTAL FUND

The focus of the Library's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Library's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year. As of December 31, 2019, the Library's governmental fund reported an ending unassigned fund balance of \$11,564,055, a decrease of \$(736,830) in comparison with the prior year, as restated, that is available for spending at the Library's discretion.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Library adopted a budget during 2019 and amended the budget to take into consideration significant changes in revenues or expenditures. A comparison of the original and amended budget to actual totals of revenues and expenditures is on page 38 of the financial statements.

During the year, revenues were higher than original budgetary estimates by \$77,249 and expenditures were lower than original budgetary estimates by \$1,417,102.

CAPITAL ASSETS

The Library had a net book value of \$5,619,330 invested in a broad range of capital assets, including the Library collection, furniture and equipment, buildings and parking lot as of December 31, 2019. This amount represents the original cost of all capital assets less total accumulated depreciation.

Even though the Library is restricted by state statute from owning buildings and land (real property), GASB Statement No. 34 requires that buildings be reported as capital assets on the Library's Statement of Net Position and depreciated annually, as applicable, because the Library has primary responsibility for managing and maintaining the building.

**St. John the Baptist Parish Library
Management's Discussion and Analysis
For the Year Ended December 31, 2019**

The table below lists capital assets by type, and the accumulated depreciation of year-end:

	2019	2018
Library collection	\$ 3,706,979	\$ 3,648,791
Furniture and equipment	1,390,380	1,317,728
Buildings	6,573,570	6,573,570
Less: Accumulated depreciation	(6,051,599)	(5,689,326)
Net Capital Assets	\$ 5,619,330	\$ 5,850,763

DEBT

The Library's long-term debt outstanding at year end totaled \$2,996,434 and was comprised of other post-employment benefit obligations of \$2,246,505, net pension liability of \$720,270, and accrued annual leave of \$29,659.

ECONOMIC FACTORS AND 2020 BUDGET

The Library considered the following factors and indicators when preparing its budget for the 2020 fiscal year-end: (1) ad valorem revenue will remain at approximately the same level as last year, and (2) the Library anticipates that personnel costs, operating services, materials, and supplies, capital outlays, and the costs of adding to the Library collection will remain approximately the same year over year.

The Library expects that anticipated revenues and existing funds for the year will be sufficient to meet its anticipated operating expenses.

REQUESTS FOR INFORMATION

The financial report is designed to provide the citizens, taxpayers, investors, and creditors with a general overview of the Library's finances, and to show the Library's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact the Library Director of the St. John the Baptist Parish Library, 2920 Highway 51, LaPlace, Louisiana, 70068, or telephone, 985-652-6857.

BASIC FINANCIAL STATEMENTS

St. John the Baptist Parish Library
Statement of Net Position
For the Year Ended December 31, 2019

General Fund	
Assets	
Current assets	
Cash	\$ 10,234,324
Ad valorem tax receivables, net	4,350,895
State revenue sharing receivables	58,674
Capital assets, net	5,619,330
Total assets	
20,263,223	
Deferred Outflows of Resources	
Deferred outflows related to pension liability	635,186
Deferred outflows related to OPEB liability	405,376
Total deferred outflows of resources	
1,040,562	
Liabilities	
Current liabilities	
Accounts and salaries payable	19,798
Total OPEB liability - due within one year	152,229
Total current liabilities	
172,027	
Non-current liabilities	
Accrued annual leave	29,659
Net pension liability	720,270
Total OPEB liability	2,094,276
Total non-current liabilities	
2,844,205	
Total liabilities	
3,016,232	
Deferred Inflows of Resources	
Advance collection of ad valorem taxes	791,212
Deferred inflows related to pension liability	47,329
Deferred inflows related to OPEB liability	136,373
Total Deferred Inflows of Resources	
974,914	
Net Position	
Net investment in capital assets	5,619,330
Restricted for endowment	5,000
Restricted for book purchases	2,833
Unrestricted	11,685,476
Total Net Position	
\$ 17,312,639	

The accompanying notes are an integral part of this financial statement.

St. John the Baptist Parish Library
Statement of Activities
For the Year Ended December 31, 2019

Function/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Primary Government
Governmental Activities				
Library services:				
Personnel services	\$ 2,069,924	\$ -	\$ -	\$ (2,069,924)
Operating services	1,042,888	42,777	-	(1,000,111)
Material and supplies	227,983	-	-	(227,983)
Travel and other charges	2,101	-	-	(2,101)
Depreciation	519,804	-	-	(519,804)
Total governmental activities	\$ 3,862,700	\$ 42,777	\$ -	\$ (3,819,923)

General revenues:	
Ad valorem taxes	4,573,914
State revenue sharing	88,010
Non-employer pension contributions	12,401
Interest earnings	51,323
Other revenue	25,488
Total General Revenues	4,751,136
Change in net position	931,213
Net position - beginning of year	15,783,731
Prior period adjustments (Note 2)	597,695
Net position - beginning of year, as restated	16,381,426
Net position - end of year	\$ 17,312,639

The accompanying notes are an integral part of this financial statement.

St. John the Baptist Parish Library
Balance Sheet
December 31, 2019

	General Fund
Assets	
Cash	\$ 10,234,324
Ad valorem tax receivables, net	4,350,895
State revenue sharing receivables	58,674
Total assets	\$ 14,643,893
 Liabilities	
Accounts and salaries payable	\$ 19,798
Total liabilities	19,798
 Deferred Inflows of Resources	
Unavailable revenue - ad valorem taxes	434,027
Advance collection of ad valorem taxes	791,212
Total deferred inflows of resources	1,225,239
 Fund Balance	
Nonspendable	5,000
Restricted for book purchases	2,833
Committed	1,826,968
Unassigned	11,564,055
Total fund balance	13,398,856
Total liabilities, deferred inflows of resources, and fund balance	\$ 14,643,893

The accompanying notes are an integral part of this financial statement.

St. John the Baptist Parish Library
Reconciliation of the Balance Sheet to the Statement of Net Position
December 31, 2019

Fund balances, total governmental funds		\$ 13,398,856
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets	11,670,929	
Less accumulated depreciation	(6,051,599)	5,619,330
Contributions to the pension plan in the current year and other pension related deferrals are deferred outflows of resources on the Statement of Net Position		635,186
Unavailable revenues are deferred in governmental funds but not in governmental activities		434,027
OPEB-related deferrals are deferred outflows of resources on the Statement of Net Position		405,376
Pension-related deferrals are deferred inflows of resources on the Statement of Net Position		(47,329)
OPEB-related deferrals are deferred inflows of resources on the Statement of Net Position		(136,373)
Long-term liabilities at December 31, 2019:		
Accrued annual leave	(29,659)	
Net pension liability	(720,270)	
Total OPEB liability	(2,246,505)	(2,996,434)
Net position of governmental activities		\$ 17,312,639

The accompanying notes are an integral part of this financial statement.

St. John the Baptist Parish Library
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended December 31, 2019

	General Fund
Revenues	
Intergovernmental revenues	
Ad valorem taxes	\$ 4,351,961
State revenue sharing	88,010
Fees, fines, and charges for library services	42,777
Interest earnings	51,323
Other revenue	4,238
Total revenues	4,538,309
Expenditures	
Library services	
Personnel services	1,905,245
Operating services	1,021,638
Material and supplies	74,064
Travel and other charges	2,101
Capital outlay	442,290
Total expenditures	3,445,338
Net change in fund balance	1,092,971
Fund balance at beginning of year	12,769,047
Restatements (Note 2)	(463,162)
Fund balance at beginning of year, as restated	12,305,885
Fund balance at end of year	\$ 13,398,856

The accompanying notes are an integral part of this financial statement.

**St. John the Baptist Parish Library
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balance to the Statement of Activities
For the Year Ended December 31, 2019**

Net change in fund balance, total governmental fund		\$ 1,092,971
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.		
Capital outlay	288,371	
Depreciation expense	(519,804)	(231,433)
Revenues in statement of activities that do not provide current financial resources are not reported as revenues in the governmental fund:		
Contributions made to retirement plan by other governments		12,401
Difference in revenue recognition on the modified accrual basis as reported in the fund statements versus revenue recognition on the full accrual basis		
		221,953
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 governmental funds.		
Net change in accrued annual leave payables	3,575	
Change in net pension liability and related deferred outflows and inflows of resources	(171,139)	
Change in total OPEB liability and related deferred outflows and inflows of resources	2,885	(164,679)
Change in net position of governmental activities		\$ 931,213

The accompanying notes are an integral part of this financial statement.

St. John the Baptist Parish Library Notes to the Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The St. John the Baptist Parish Library (the "Library") was established by the parish governing authority under provisions of Louisiana Revised Statute (LSA-R.S.) 25:211 and is governed by a Board of Control that is appointed by the St. John the Baptist Parish Council (the "Council") in accordance with provisions of LSA-R.S.25:214. The Library provides citizens of the parish access to Library materials in print resources, such as books and magazines, as well as a wide variety of non-print resources, such as DVDs, several formats of audiobooks, online research databases and electronic reference resources, electronic downloadable books ("e-books"), internet access, and a small selection of music on compact disk. In addition to print and non-print resources, the Library provides the public access to computer workstations in all branches, conducts programs for children and adults, and provides access to meeting rooms when these spaces are not being used for Library programs. The assets of the Library are made available to non-residents through a small fee for a non-resident card and through an inter-library loan agreement with the State Library of Louisiana.

One main library and three branch libraries served St. John the Baptist Parish with a population of approximately 43,000 people in the current year as estimated by the United States Census Bureau. The Library has continued to expand its electronic access services of informational, instructional, and entertainment databases, e-books, downloadable audio books, music and streaming video in addition to the resources offered through the State Library of Louisiana via the Louisiana Library Connection database program. A continuing increase of marketing for Library resources and programs serves to inform the public on the variety and value of these resources and services.

Reporting Entity

Governmental accounting standards established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. A component unit is a government who is financially accountable to another government or one for which another government can exert influence over its budget and operations.

Because the Council appoints the governing board ("Board of Control"), and because of the scope of public service, the Library was determined to be a component unit of St. John the Baptist Parish Council, the governing body of the Parish and the governmental body with oversight responsibility.

The accompanying financial statements present information only on those funds maintained by the Library and do not present information on the Council, the general government services provided by that governmental unit, or the other governmental units that comprise the governmental reporting entity.

Basis of Presentation

The accompanying basic financial statements of the Library have been prepared in conformity with generally accepted accounting principles ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Library's accounting policies are described below.

St. John the Baptist Parish Library Notes to the Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

The Library has adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussions and Analysis - for State and Local Governments*. In this regard, the Library will be treated as a governmental-type activity for financial reporting purposes in this audit. The minimum requirements for the Library established by GASB Statement No. 34 are divided into the following sections: (a) Management's Discussion and Analysis (b) Basic Financial Statements, and (c) Required Supplementary Information (other than Management's Discussion and Analysis). The accompanying financial statements of the St. John the Baptist Parish Library present information only as to the transactions of the programs of the Library as authorized by Louisiana statutes and administrative regulations. Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Government-wide and Fund Financial Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities for all of the nonfiduciary activities of the Library. The government-wide presentation focuses primarily on the sustainability of the Library as an entity and the change in aggregate financial position resulting from the activities for the calendar period. Governmental activities generally are financed through ad valorem taxes, State revenue sharing, fees, fines, and charges for Library services, and other revenues.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *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, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for the major governmental fund. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

St. John the Baptist Parish Library Notes to the Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Library considers revenues to be available if they are collected within 60 days of the end of the year. Unavailable revenues are included as deferred inflows of resources on the governmental fund financial statements. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

Ad valorem taxes; state revenue sharing; fees, fines and charges for library services; and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the Library.

Fund Financial Statements

The Library's governmental fund type is described as follows:

General Fund – The General Fund is the principal fund of the Library and accounts for general activities, including the collection and disbursement of specific or legally restricted monies and the acquisition of capital assets. The various taxes, fees, and charges due to the Library are accounted for in this fund, as well as, general operating expenditures.

St. John the Baptist Parish Library Notes to the Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information

The budget was completed, advertised in the local paper, and made available for public inspection at the Library on October 31, 2018. A public hearing was held on December 12, 2018, for suggestions and comments from the public, after which the proposed budget was formally adopted on that date. The budgets which included proposed cash expenditures and the means of financing them were published in the official journal prior to the public hearing. All appropriations lapse at year end, and any accounts payable outstanding at year end are included in the next year's budget with funds appropriated in that year to finance them. Formal budget integration is not employed as a management control device during the year; however, the Library Director monitors the budget during the year.

The Library Director is authorized to transfer amounts between line items within any fund. When actual cash revenues fail to meet budgeted cash revenues by five percent or more and/or actual cash expenditures exceed budgeted expenditures by five percent or more, a budget amendment to reflect such change is adopted by the Library Board in an open meeting. Budget amounts included in the accompanying financial statements include the original adopted budgets and all subsequent amendments.

The original budget was amended, advertised in the local paper, and made available for public inspection at the Library on November 4, 2019. A public hearing was held on November 25, 2019, for suggestions and comments from the public, after which, the proposed amendments were formally adopted on that date.

Cash

Cash deposits include amounts in interest bearing demand deposits and a savings account. Under state law, the Library may deposit funds in demand deposit accounts, interest-bearing demand deposit accounts, money market accounts, U.S. Treasury Bills or certificates of deposit with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Receivables

There was a 2% allowance for doubtful accounts for ad valorem tax receivable set up based on past experience of the differences between the amount of taxes received and accrued as recorded on the financial statements. At December 31, 2019, the balance of this allowance was \$279,954.

St. John the Baptist Parish Library Notes to the Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets purchased or acquired with an original cost of \$1,000 or more are recorded at either historical cost or estimated historical cost and are depreciated over their useful lives (excluding salvage value). Additions to the Library collection are currently being recorded at the actual purchase price of the item. Any donated capital assets are recorded at their estimated fair value at the date of donation. The estimated useful life is management's estimate of how long the asset is expected to meet service demands.

Straight-line depreciation is used based on the following estimated useful lives:

- Furniture and equipment – 5 years
- Vehicles – 5 years
- Outdoor metal furniture and parking lot – 20 years
- Library collection – 7 years
- Building – 40 years

Also, GASB Statements No. 34 requires that buildings be reported as capital assets on the Library's Statement of Net Position and depreciated annually over 40 years, as applicable, because the Library has primary responsibility for managing and maintaining its buildings.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for Deferred Outflows of Resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

The Library has two (2) items that qualify for reporting as deferred outflows of resources, *pension and OPEB related deferrals*. The deferred outflows related to pension are an aggregate of items related to the pension liability as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred outflows related to pension will be recognized as either pension expense or a reduction in the net pension liability in future reporting years. The deferred outflows related to OPEB are an aggregate of items related to the OPEB liability as calculated in accordance with GASB Codification Section P52: *Postemployment Benefits Other Than Pensions – Reporting for Benefits Not Provided through Trusts That Meet Specified Criteria – Defined Benefit*. The deferred outflows related to OPEB will be recognized as either OPEB expense or a reduction in the total OPEB liability in future reporting years.

St. John the Baptist Parish Library Notes to the Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then.

The Library has three (3) items that qualify for reporting as deferred inflows of resources, advance collection of ad valorem taxes and pension and OPEB related deferrals. Advance collection of ad valorem taxes are amounts received in advance of the tax year in which the ad valorem taxes are levied. The deferred inflows related to the advance collection of ad valorem taxes will be recognized as a revenue in future reporting years. The deferred inflows related to pension are an aggregate of items related to the pension liability as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred inflows related to pension will be recognized as a reduction to pension expense in future reporting years. The deferred inflows related to OPEB are an aggregate of items related to the OPEB liability as calculated in accordance with GASB Codification Section P52: *Postemployment Benefits Other Than Pensions – Reporting for Benefits Not Provided through Trusts That Meet Specified Criteria – Defined Benefit*. The deferred inflows related to OPEB will be recognized as a reduction to OPEB expense in future reporting years.

Unavailable revenue, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: ad valorem taxes and State revenue sharing. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences

The Library has the following vacation and sick leave policies:

Vacation (annual) leave is accumulated by employees at a variable rate, which is predetermined by the Library Board and depends on the employee's years of service. The leave is accumulated on a monthly basis and is credited at the end of each month. Upon separation from employment, the employee is paid for all vacation leave that is accumulated and credited to the employee. Employees may accumulate a maximum of two and one half times their rate of annual leave. A long-term liability is set up on the financial statements to account for the amount due to employees who have accumulated annual leave as of the end of the year.

Sick leave is granted to full-time employees at the rate of 12 working days (96 hours) per calendar year. Any unused amount of sick leave can be accumulated without limit and carried forward from one year to the next indefinitely. No compensation for unused sick leave is paid to employees upon retirement or termination. Unused sick leave is recorded and maintained for each employee and retiree in accordance with the rules of the Parochial Employees' Retirement System so that upon retirement the unused amount can be converted to additional retirement credit.

St. John the Baptist Parish Library Notes to the Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of each of the plans, and additions to/deductions from each plans' fiduciary net position have been determined on the same basis as they are reported by each of the plans. 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 within the plan.

Categories and Classification of Fund Equity

Net position flow assumption – Sometimes the Library will fund outlays for a particular purpose from both restricted (e.g., grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Library's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund balance flow assumptions – Sometimes the Library will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Library's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies – Fund balance of the governmental fund is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Library itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, specifies the following classifications:

Nonspendable fund balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

St. John the Baptist Parish Library Notes to the Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Categories and Classification of Fund Equity (Continued)

Committed fund balance – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Library’s highest level of decision-making authority. The governing board is the highest level of decision-making authority for the Library that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned fund balance – Amounts in the assigned fund balance classification are intended to be used by the Library for specific purposes but do not meet the criteria to be classified as committed. Under the Library’s adopted policy, only the Board may assign amounts for specific purpose.

Unassigned fund balance – Unassigned fund balance is the residual classification for the General Fund.

Restricted Net Position

Restricted net position represents those portions of assets legally segregated for a specific future use. The Library restricts assets on the Statement of Net Position for an endowment received in 1976 and associated investment earnings restricted for the purchase of books for the Library.

Revenues and Expenditures/Expenses

Program revenues – Amounts reported as *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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from these estimates.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, September 30, 2020. See Note 15 for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

St. John the Baptist Parish Library Notes to the Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Future Accounting Pronouncements

The Governmental Accounting Standards Board has issued a statement that will become effective for the Library in a future year. This statement is as follows:

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

The Library is evaluating the requirements of the above statement and the impact on reporting.

Note 2: PRIOR PERIOD ADJUSTMENTS

During the year ended December 31, 2019, the Library corrected errors related to an understatement of pension-related deferred outflows, an understatement of OPEB-related deferred inflows, an overstatement of ad valorem revenue and receivables and under/overstatements of capital assets and related accumulated depreciation. The correction of the errors had the following impact on the beginning net position at December 31, 2019:

	Governmental Activities
Net position – December 31, 2018	\$ 15,783,731
Prior period adjustment:	
Pension-related deferrals – correction of an error	114,578
OPEB-related deferrals – correction of an error	(153,419)
Receivables – correction of an error	(251,088)
Capital assets – correction of errors	887,624
Total prior period adjustments	597,695
Net position – December 31, 2018, as restated	\$ 16,381,426

St. John the Baptist Parish Library
Notes to the Financial Statements

Note 2: PRIOR PERIOD ADJUSTMENTS (Continued)

The correction of the above errors had the following effect on the beginning governmental fund balance:

	General Fund
Fund balance – December 31, 2018	\$ 12,769,047
Prior period adjustment:	
Receivables – correction of an error	(463,162)
Total prior period adjustment	(463,162)
Fund balance – December 31, 2018, as restated	\$ 12,305,885

Note 3: CASH

At December 31, 2019, the carrying amounts (book balances) of all cash of the Library was as follows:

Cash on hand	\$ 550
Interest-bearing checking	10,225,941
Savings accounts (Endowment)	7,833
Total	\$ 10,234,324

These deposits are stated at cost, which approximates market. Under state law, the deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2019, the Library had \$10,314,808 in deposits (collected bank balances). These deposits were secured from risk by \$250,000 of federal deposit insurance and \$10,266,242 of pledged securities held by the custodial bank in the name of the fiscal agent bank. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Library that the fiscal agent has failed to pay deposited funds upon demand.

Note 4: LEVIED TAXES

Through the Council, the Library is authorized to levy a 10-mill ad valorem tax for Library operations, maintenance, and construction. The Library levied and received 9.94 mills for the year ended December 31, 2019.

The following is a summary of authorized and levied ad valorem taxes for 2019:

	Authorized Millage	Levied Millage	Expiration Date
Library	9.94	9.94	12/31/2027

**St. John the Baptist Parish Library
Notes to the Financial Statements**

Note 5: CAPITAL ASSETS

A summary of changes in capital assets and accumulate depreciation during the year is listed as follows:

	(as restated) Balance January 1, 2019	Additions	Deletions	Balance December 31, 2019
Capital assets being depreciated:				
Library collection	\$ 3,648,791	\$ 215,719	\$ (157,531)	\$ 3,706,979
Furniture & equipment	1,317,728	72,652	-	1,390,380
Buildings	6,573,570	-	-	6,573,570
Total capital assets, being depreciated	11,540,089	288,371	(157,531)	11,670,929
Less accumulated depreciation for:				
Library collection	(2,689,690)	(281,942)	157,531	(2,814,101)
Furniture & equipment	(1,113,971)	(73,523)	-	(1,187,494)
Buildings	(1,885,665)	(164,339)	-	(2,050,004)
Total accumulated depreciation	(5,689,326)	(519,804)	157,531	(6,051,599)
Governmental activities capital assets, net	\$ 5,850,763	\$ (31,433)	\$ -	\$ 5,619,330

Note 6: ACCRUED ANNUAL LEAVE

At December 31, 2019, employees of the Library have accumulated and vested amounts of employee annual leave benefits, which are computed in accordance with GASB Codification Section C60. The amount is recorded in the Statement of Net Position as a long-term liability, and the calculation is based on the number of hours each employee has earned and credited to their benefit times their individual hourly rate at the end of the year.

St. John the Baptist Parish Library Notes to the Financial Statements

Note 7: PENSION PLAN

Substantially all employees of the Library are members of the Parochial Employees' Retirement System of Louisiana ("PERS"). This system is a cost-sharing multiple-employer, defined benefit pension plan administered by a separate board of trustees.

General Information about the Pension Plan

Plan Description

Parochial Employees' Retirement System of Louisiana is the administrator of a cost-sharing multiple employer defined benefit pension plan. The System was established and provided for by R.S.11:1901 of the Louisiana Revised Statute ("LRS").

Act 765 of the year 1979, established by the Legislature of the State of Louisiana, revised the System to create Plan A and Plan B to replace the "regular plan" and the "supplemental plan." Plan A was designated for employers out of Social Security. Plan B was designated for those employers that remained in Social Security on the revision date. The Library participates in Plan A.

The System provides retirement benefits to employees of taxing districts of a parish or any branch or section of a parish within the State which does not have their own retirement system and which elects to become members of the System.

All permanent parish government employees (except those employed by Orleans, Lafourche and East Baton Rouge Parishes) who work at least 28 hours a week 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.

As of January 1997, elected officials, except coroners, justices of the peace, and parish presidents may no longer join PERS.

Benefits Provided

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Any member of Plan A can retire providing they meet 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 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.

St. John the Baptist Parish Library Notes to the Financial Statements

Note 7: PENSION PLAN (Continued)

For employees hired after January 1, 2007:

1. Age 55 with 30 years of service.
2. Age 62 with 10 years of service.
3. Age 67 with 7 years of service.

Generally, the monthly amount of the retirement allowance of any member of Plan A shall consist of an amount equal to three percent of the member's final average compensation multiplied by his/her years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

Disability Benefits

For Plan A, a member shall be eligible to retire and receive a disability benefit if they were hired prior to January 1, 2007, and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of an amount equal to three percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or three percent multiplied by years of service assuming continued service to age sixty.

Survivor Benefits

Upon the death of any member of Plan A with five (5) or more years of creditable service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children, as outlined in the statutes.

Any member of Plan A, who is eligible for normal retirement at time of death, the surviving spouse shall receive an automatic Option 2 benefit, as outlined in the statutes.

A surviving spouse who is not eligible for Social Security survivorship or retirement benefits, and married not less than twelve (12) months immediately preceding death of the member, shall be paid an Option 2 benefit beginning at age 50.

Deferred Retirement Option Plan benefits (DROP)

Act 338 of 1990 established the Deferred Retirement Option Plan ("DROP") for the Retirement System. DROP is an option for that member who is eligible for normal retirement.

In lieu of terminating employment and accepting a service retirement, any member of Plan A who is eligible to retire may elect to participate in the DROP in which they are enrolled for three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund.

St. John the Baptist Parish Library Notes to the Financial Statements

Note 7: PENSION PLAN (Continued)

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account. Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date.

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

Cost of Living Adjustments

The Board is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements.

In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age sixty-five equal to 2% of the member's benefit paid on October 1, 1977, (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older (RS 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

Contributions

Contributions for all members are established by statute at 9.50% of compensation for the year ended December 31, 2019. The contributions are deducted from the member's salary and remitted by the Parish.

According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2019, the actuarially determined contribution rate was 9.99% of member's compensation for Plan A. However, the actual rate for the fiscal year ended December 31, 2019 was 11.50% for Plan A. The actual rate differs from the actuarially required rate due to state statutes that require the contribution rate be calculated and set two years prior to the year effective. Contributions to the pension plan from the Library were \$108,366 for the year ended December 31, 2019.

St. John the Baptist Parish Library Notes to the Financial Statements

Note 7: PENSION PLAN (Continued)

According to state statute, the System also receives ¼ of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities. Non-employer contributions are recognized as revenue and excluded from pension expense for the year ended December 31, 2019.

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

At December 31, 2019, the Library reported a liability of \$720,270 for its proportionate share of the Net Pension Liability ("NPL") of PERS. The NPL was measured as of December 31, 2018 and the total pension liability or asset used to calculate the NPL was determined based on an actuarial valuation as of that date. The Library's proportion of the NPL was based on a projection of the Library's long-term share of contributions to the pension plans relative to the projected contribution of all participating employers, actuarially determined. At December 31, 2018, the Library's proportion was 0.162283%, which was a decrease of 0.005140% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the Library recognized a pension expense of \$278,860 plus the Library's amortization of the difference between employer contributions and proportionate share of contributions of \$113,933.

At year end, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>PERS</u>		
Differences between expected and actual experience.	\$ -	\$ 43,881
Net difference between projected and actual earnings on pension plan investments.	344,796	-
Changes in assumptions.	180,091	-
Changes in proportion and differences between employer contributions and proportionate share of contributions.	1,933	3,448
Employer contributions subsequent to the measurement date.	108,366	-
Total PERS	\$ 635,186	\$ 47,329

Deferred outflows of resources of \$108,366 related to contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ending December 31, 2020.

**St. John the Baptist Parish Library
Notes to the Financial Statements**

Note 7: PENSION PLAN (Continued)

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

Year Ending December 31,	Amount of Amortization PERS
2020	164,430
2021	89,376
2022	73,369
2023	152,316

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2018 are as follows:

Valuation Date	December 31, 2018
Actuarial Cost Method	Entry age normal cost
Investment rate of return	6.50% (net of investment expense)
Expected remaining	
service lives	4 years
Inflation Rate	2.40%
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 rates	 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.

St. John the Baptist Parish Library Notes to the Financial Statements

Note 7: PENSION PLAN (Continued)

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2013 through December 31, 2017. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. As a result of this study, mortality for employees was set equal to the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale. In addition, mortality for annuitants and beneficiaries was set equal to the Pub-2010 Public Retirement plans Mortality Table for Healthy Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale. For Disabled annuitants mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale.

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 7.43% for the year ended December 31, 2018.

Best estimates of the arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2018 is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Fixed Income	35%	1.22%
Equity	52%	3.45%
Alternatives	11%	0.65%
Real assets	2%	0.11%
Totals	100%	5.43%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.43%

St. John the Baptist Parish Library Notes to the Financial Statements

Note 7: PENSION PLAN (Continued)

Discount Rate

The discount rate used to measure the total pension liability for PERS was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the NPL to Changes in the Discount Rate

The following presents the Library's proportionate share of the Net Pension Liability using the discount rate of 6.50%, as well as what the Library's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower (5.50%) or one percentage-point higher (7.50%) than the current rate:

	1.0% Decrease	Current Discount Rate	1.0% Increase
PERS - Library's proportionate share of the net pension liability	\$ 1,529,661	\$ 720,270	\$ 43,690

Support of Non-employer Contributing Entities

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The Library recognizes revenue in an amount equal to their proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended December 31, 2019, the Library recognized revenue as a result of support received from non-employer contributing entities of \$12,401.

Pension Plan Fiduciary Net Position

PERS issues publicly available financial reports that include financial statements and required supplementary information for the systems. Detailed information about the system's fiduciary net position is available in the issued financial report. The report may be obtained by visiting the Louisiana Legislative Auditor's website at www.la.gov and searching under the Reports section.

St. John the Baptist Parish Library Notes to the Financial Statements

Note 8: OTHER POST-EMPLOYMENT BENEFITS

General Information about the OPEB Plan

Plan description – St. John the Baptist Parish Library provides certain continuing health care and life insurance benefits for its retired employees. The St. John the Baptist Parish Library’s OPEB Plan (the “OPEB Plan”) is a single-employer defined benefit OPEB plan administered by the Library. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the Library. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board Codification Section P52 *Postemployment Benefits Other Than Pensions—Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria—Defined Benefit*.

Benefits Provided – Medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement. Employees are covered by the Parochial Employees' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age; age 55 and 25 years of service; age 60 and 10 years of service; or, age 65 and 7 years of service. For employees hired on and after January 1, 2007, retirement eligibility (D.R.O.P. entry) provisions are as follows: age 55 and 30 years of service; age 62 and 10 years of service; or, age 67 and 7 years of service.

Life insurance coverage is provided to retirees and 100% of the blended rate (active and retired) is paid by the employer. A level \$25,000 amount of insurance coverage while active is continued after retirement.

Employees covered by benefit terms – At December 31, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	15
Active employees	21
	36

Total OPEB Liability

The Library’s total OPEB liability of \$2,246,505 was measured as of December 31, 2019 and was determined by an actuarial valuation as of January 1, 2018.

Actuarial Assumptions and other inputs – The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified, and rolled forward to the December 31, 2019 measurement date:

Inflation	2.5%
Salary increases	3.0%, including inflation
Discount rate	4.10% annually (Beginning of Year)
	2.74%, annually (As of End of Year Measurement Date)
Healthcare cost trend rates	Flat 5.5% annually (3% post Medicare eligibility)

St. John the Baptist Parish Library Notes to the Financial Statements

Note 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)

The discount rate was based on the Bond Buyers' 20 Year General Obligation municipal bond index as of December 31, 2019, the end of the applicable measurement period.

Mortality rates were based on the RP-2000 Table without projection with 50%/50% unisex blend.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of ongoing evaluations of the assumptions from January 1, 2009 to December 31, 2019.

Changes in the Total OPEB Liability

Balance at December 31, 2018	\$ 1,826,968
Changes for the year:	
Service cost	39,991
Interest	75,726
Differences between expected and actual experience	162,933
Changes in assumptions	293,116
Benefit payments and net transfers	(152,229)
Net changes	419,537
Balance at December 31, 2019	\$ 2,246,505

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 1-percentage-point lower (1.74%) or 1-percentage-point higher (3.74%) than the current discount rate:

	1.0% Decrease (1.74%)	Current Discount Rate (2.74%)	1.0% Increase (3.74%)
Total OPEB liability	\$ 2,535,577	\$ 2,246,505	\$ 2,007,119

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 1-percentage-point lower (4.5%) or 1-percentage-point higher (6.5%) than the current healthcare trend rates:

	1.0% Decrease (4.5%)	Current Trend (5.5%)	1.0% Increase (6.5%)
Total OPEB liability	\$ 2,034,359	\$ 2,246,505	\$ 2,502,001

St. John the Baptist Parish Library
Notes to the Financial Statements

Note 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

For the year ended December 31, 2019, the Library recognized OPEB expense of \$149,342. At December 31, 2019, the Library reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 144,828	\$ (27,238)
Changes in assumptions	260,548	(109,135)
Total	\$ 405,376	\$ (136,373)

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

Years ending December 31:	
2020	\$ 33,625
2021	33,625
2022	33,625
2023	33,625
2024	33,625
Thereafter	100,878

Note 9: LONG-TERM LIABILITIES

The following is a summary of long-term liabilities of the Library at December 31, 2019:

	Balance December 31, 2018	Additions	Reductions	Balance December 31, 2019	Due within one year
Accrued annual leave	\$ 33,234	\$ 59,376	\$ 62,951	\$ 29,659	\$ -
Net pension liability	(124,269)	844,539	-	720,270	-
Total OPEB liability	1,826,968	419,537	-	2,246,505	152,229
Total long-term liabilities	\$ 1,735,933	\$ 1,323,452	\$ 62,951	\$ 2,996,434	\$ 152,229

St. John the Baptist Parish Library Notes to the Financial Statements

Note 10: COMMITMENTS AND CONTINGENCIES

The Library has entered into separate operating lease agreements for five copy machines for the main library and its branch locations, and one postage machine for the main library.

Total annual remaining minimum lease commitments for all operating leases are as follows:

Year ending December 31:

2020	\$ 18,680
2021	17,635
2022	12,637
2023	4,616
2023	769
<hr/>	
Total	\$ 54,337

The Library has no other capital or operating leases at December 31, 2019.

Note 11: FUND BALANCE

On August 19, 1976, the Library received an endowment of \$5,000 in memory of Dr. John Smyth. In accordance with the endowment agreement, this money is held in perpetuity in an interest-bearing account. The interest earnings from this investment are required to be used on the purchases of books for the Library, and are included in Restricted fund balance on the Balance Sheet. The original gift amount is included as Nonspendable fund balance on the Balance Sheet.

On September 24, 2019, the Board reserved \$1,826,968 for retiree insurance that is included as Committed on the Balance Sheet.

Note 12: LITIGATION

The Library is not involved in any litigation at December 31, 2019 which could have a material effect on its financial statements.

Note 13: RISK MANAGEMENT

The Library is exposed to risks of loss in the areas of general and auto liability and workers' compensation. Those risks are handled by purchasing commercial insurance. There have been no significant reductions in insurance coverage during the current year, nor have there been any settlements which have exceeded the insurance coverage maintained for the past three years.

St. John the Baptist Parish Library Notes to the Financial Statements

Note 14: TAX ABATEMENTS

Louisiana Economic Development (“LED”) is a Department of the State of Louisiana and administers many development oriented incentives, including the Industrial Tax Exemption Program (“ITEP”).

Under the ITEP, tax abatements are negotiated for a variety of economic development purposes, including job creation, business relocation, retention, and expansion.

As of December 31, 2019, six industrial companies are currently under the ITEP. The typical term of these agreements are for ten years and provided Ad valorem tax abatement during the year of 2019 in the amount of \$3,624,725.

The LED has not made any commitments as part of the agreements other than to reduce taxes. The Library is not subject to any tax abatement agreements entered into by other governmental entities other than the LED.

Note 15: SUBSEQUENT EVENTS

Management evaluated all events or transactions that occurred after December 31, 2019 through September 30, 2020, the date the Library’s financial statements were available to be issued. The following event occurred.

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Organization. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

**REQUIRED SUPPLEMENTARY INFORMATION
OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS**

St. John the Baptist Parish Library

Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual

General Fund

For the Year Ended December 31, 2019

	<u>Budgetary Amounts</u>		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental revenues				
Ad valorem taxes	4,300,000	4,219,930	4,351,961	132,031
State revenue sharing	89,000	89,000	88,010	(990)
Fees, fines & charges for library services	42,600	34,350	42,777	8,427
Interest earnings	20,010	44,510	51,323	6,813
Other revenue	9,450	7,400	4,238	(3,162)
Total revenues	4,461,060	4,395,190	4,538,309	143,119
Expenditures				
General government				
Salaries, related benefits and payroll taxes	2,350,020	2,085,584	1,905,245	180,339
Operating services	807,620	909,597	1,021,638	(112,041)
Material and supplies	143,000	117,210	74,064	43,146
Travel and other charges	21,000	1,400	2,101	(701)
Capital outlay	1,360,800	1,034,464	442,290	592,174
Intergovernmental	180,000	177,098	-	177,098
Total expenditures	4,862,440	4,325,353	3,445,338	880,015
Net Change in Fund Balance	(401,380)	69,837	1,092,971	1,023,134
Fund balance, beginning of year, as restated	7,976,941	8,247,819	12,305,885	4,058,066
Fund balance, end of year	\$ 7,575,561	\$ 8,317,656	\$ 13,398,856	\$ 5,081,200

See independent auditors' report and notes to the required supplementary information.

St. John the Baptist Parish Library
Schedule of Changes in Total OPEB Liability and Related Ratios

Total OPEB Liability	2019	2018
Service cost	\$ 39,991	\$ 45,595
Interest	75,726	70,467
Changes of benefit terms	-	-
Differences between expected and actual Experience	162,933	(34,047)
Changes of assumptions	293,116	(136,419)
Benefit payments	(152,229)	(144,292)
Net change in total OPEB liability	419,537	(198,696)
Total OPEB liability - beginning	1,826,968	2,025,664
Total OPEB liability - ending	\$ 2,246,505	\$ 1,826,968
Covered-employee payroll	\$ 942,316	\$ 971,940
Total OPEB liability as a percentage of covered-employee payroll	238.40%	187.97%

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

See independent auditors' report and notes to the required supplementary information.

St. John the Baptist Parish Library
Schedule of Proportionate Share of Net Pension
Liability for Retirement System
Last Five Fiscal Years

For the Year Ended December 31,	Agency's proportion of the net pension liability (asset)	Agency's proportionate share of the net pension liability (asset)	Agency's covered payroll	Agency's Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
Parochial Employees' Retirement System of Louisiana					
2019	0.16228%	\$ 720,270	\$ 942,316	76%	88.9%
2018	0.16742%	\$ (124,269)	\$ 971,940	-13%	102.0%
2017	0.17302%	\$ 356,343	\$ 930,736	38%	94.1%
2016	0.19121%	\$ 503,317	\$ 1,026,123	49%	92.2%
2015	0.20245%	\$ 55,352	\$ 1,102,283	5%	99.1%

*Amounts presented were determined as of the measurement date (prior year ended December 31).

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

See independent auditors' report and notes to the required supplementary information.

St. John the Baptist Parish Library
Schedule of Employer Contributions to Retirement System
Last Five Fiscal Years

For the Year Ended December 31,	(a) Statutorily Required Contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution Deficiency (Excess)	Agency's covered payroll	Contributions as a percentage of covered payroll
Parochial Employees' Retirement System of Louisiana					
2019	\$ 108,366	\$ 108,366	\$ -	\$ 942,316	11.5%
2018	\$ 114,578	\$ 114,578	\$ -	\$ 971,940	11.8%
2017	\$ 116,342	\$ 116,342	\$ -	\$ 930,736	12.5%
2016	\$ 133,396	\$ 133,396	\$ -	\$ 1,026,123	13.0%
2015	\$ 159,831	\$ 159,831	\$ -	\$ 1,102,283	14.5%

*Amounts presented were determined as of the end of the year.

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

See independent auditors' report and notes to the required supplementary information.

St. John the Baptist Parish Library Notes to the Required Supplementary Information

NOTE 1: BUDGETARY BASIS OF ACCOUNTING

The Library adopted a budget as required by Louisiana Revised Statute 39:1301-1316 for the year ending December 31, 2019.

NOTE 2: NET PENSION LIABILITY

Benefit Changes

There were no changes of benefits for the valuation years ended December 31, 2018.

Changes of Assumptions

For the actuarial valuation for the year ended December 31, 2018, the investment rate of return decreased from 6.75% to 6.50%, the projected salary decreased from 5.25% to 4.75%, and inflation decreased from 2.50% to 2.40%.

For the actuarial valuation for the year ended December 31, 2017, the investment rate of return decreased from 7.00% to 6.75%, projected salary increases remained at 5.25%, and inflation remained at 2.50%.

For the actuarial valuation for the year ended December 31, 2015, the investment rate of return decreased from 7.25% to 7.00%, projected salary decreased from 5.75% to 5.25%, and inflation decreased from 3.00% to 2.50%.

NOTE 3: TOTAL OPEB LIABILITY

Benefit Changes

There were no changes of benefit terms for the years ended December 31, 2019.

Changes of Assumptions

The discount rate changed from 4.10% to 2.74% for the valuation year ended December 31, 2019.

The discount rate changed from 3.44% to 4.10% for the valuation year ended December 31, 2018.

OTHER SUPPLEMENTARY INFORMATION

St. John the Baptist Parish Library
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended December 31, 2019

Agency Head Name:	Trina Smith, Library Director 1/1/19 - 1/17/19	Dana Douglas, Acting Library Director 1/17/19 - 4/22/19	Randy DeSoto, Interim Library Director 5/6/19 - 11/25/19	Andrea Tullos, Library Director 11/25/19 - 12/31/19
Purpose	Amount			
Salary	\$ 6,247	\$ 20,213	\$ 73,856	\$ 7,035
Benefits-insurance	1,308	307	1,552	-
Benefits-retirement	718	2,324	-	809
Benefits-payroll taxes	91	293	5,650	102
Car allowance	-	-	-	-
Vehicle provided by government	-	-	-	-
Per diem	-	-	-	-
Reimbursements	-	531	284	46
Travel	-	-	-	-
Registration fees	-	-	-	-
Conference travel	-	-	-	-
Housing	-	-	-	-
Unvouchered expenses (travel advances)	-	-	-	-
Special meals	-	-	-	-
Other	-	-	-	-

See independent auditors' report.

**St. John the Baptist Parish Library
Schedule of Compensation to Board of Control Members
For the Year Ended December 31, 2019**

Board of Control Member	Per Diem		Dues	
Leatrice Arlie	\$	700	\$	50
Denise M. Burrell		150		50
Maria V. Coy		700		50
Brannetter G. James		300		50
Virgie Johnson		-		-
Elois Joseph		750		50
Blaine Tatje		600		50
Lisa T. Wilder		750		50
Total paid by St. John the Baptist Parish Library	\$	3,950	\$	350

The only compensation the Board Members receive is \$50 for each meeting they attend.

See independent auditors' report.

REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*



Carr, Riggs & Ingram, LLC
111 Veterans Blvd., Suite 350
Metairie, Louisiana 70005

(504) 833-2436
(504) 484-0807 (fax)
www.CRIcpa.com

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the President and Board of Control
St. John the Baptist Parish Library
LaPlace, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the St. John the Baptist Parish Library (the "Library"), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated September 30, 2020.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Library's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the

accompanying schedule of findings and responses as items **2019-02** and **2019-03**, to be material weaknesses.

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. We consider the deficiency described in the accompany schedule of findings and responses as item **2019-01** to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item **2019-04**.

St. John the Baptist Parish Library's Response to Findings

The Library's response to the findings identified in our engagement are 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.

Cary Riggs & Ingram, L.L.C.

Metairie, Louisiana
September 30, 2020

**St. John the Baptist Parish Library
Schedule of Findings and Responses
For the Year Ended December 31, 2019**

SECTION I—SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued:

All opinion units	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	Yes
• Significant deficiency is identified?	Yes
Noncompliance material to financial statements noted?	Yes

SECTION II—FINANCIAL STATEMENT FINDINGS

2019-001 INADEQUATE SEGREGATION OF ACCOUNTING AND ADMINISTRATIVE DUTIES AND FUNCTIONS (SIGNIFICANT DEFICIENCY – ORIGINATED AT INCEPTION)

Condition: Certain reconciliations, schedules, and related journal entries were observed during the audit that did not include a review or approval by someone other than the preparer.

Criteria: The Library’s internal control policies should include segregation of duties, where separate roles and responsibilities are assigned to ensure transactions cannot be processed from initiation to reporting without the involvement of others.

Cause: Roles and responsibilities were assigned to the reconciliation of ad valorem receivable and revenue, capital assets, and payroll without taking into consideration segregation of duties.

Effect: The Library could not document adequate review or that controls were in place during 2019.

Recommendation: The Library should ensure that a member of management other than the preparer reviews and approves all reconciliations, schedules, and related journal entries.

2019-002 INTERNAL CONTROL OVER FINANCIAL REPORTING OF GOVERNMENTAL ACTIVITIES (MATERIAL WEAKNESS)

Condition: The Library could not provide a detailed listing of buildings and the listing provided for the Library collection did not include historical costs.

Criteria: The Library should have systems of internal control over financial reporting that include timely and complete reconciliation of material account balances including detailed listings with historical costs.

**St. John the Baptist Parish Library
Schedule of Findings and Responses
For the Year Ended December 31, 2019**

Cause: The Library did not maintain sufficient documentation to support balances for the capital assets categories including buildings and collection.

Effect: The financial statements required material prior period adjustments to the capital assets categories for buildings and collection.

Recommendation: The Library should have systems of internal control over financial reporting that include detail listings with historical costs as well as timely and complete reconciliation of material account balances.

2019-003 INTERNAL CONTROL OVER FINANCIAL REPORTING (MATERIAL WEAKNESS)

Condition: For the year ended December 31, 2019, material adjusting entries were necessary to adjust account balances of ad valorem receivable, unearned revenue, and revenue, pension-related deferred outflows, and OPEB-related deferred inflows.

Criteria: The Library should have systems of internal accounting control which ensure the basic financial statements are presented in accordance with U.S. generally accepted accounting principles.

Cause: The Library's review of the yearend ad valorem accruals, review of prior year pension-related deferred outflows, and OPEB-related deferred inflows failed to detect material misstatements.

Effect: The Library recorded material adjustments identified in the audit to ensure the financial statements were presented in accordance with U.S. generally accepted accounting principles.

Recommendation: The Library should implement systems of control which ensure the basic financial statements are presented in accordance with U.S. generally accepted accounting principles.

2019-004 STATE ETHICS TRAINING (COMPLIANCE FINDING)

Condition: Library employees did not complete the required annual ethics training before year-end.

Criteria: Per LA RS 42:1170, each employee, board member and/or elected official of the agency (public servant) must receive the annual ethics training as required.

Cause: The Library did not monitor board and employee compliance with Louisiana Revised Statute 42:1170 [Code of Ethics].

Effect: The Library is not in compliance with Louisiana Revised Statute 42:1170.

**St. John the Baptist Parish Library
Schedule of Findings and Responses
For the Year Ended December 31, 2019**

Recommendation: The Library should ensure public servants and elected officials are compliant with the State Ethics policy by receiving the annual ethics training.

SECTION III- PRIOR FINDINGS AND QUESTIONED COSTS

2018-001 POLICIES AND PROCEDURES MANUAL NEEDS COMPLETE REWRITE

Condition: The Library should perform a complete and extensive review and rewrite of its Policies and Procedures Manual.

Status: Resolved

2018-002 INADEQUATE SEGREGATION OF ACCOUNTING AND ADMINISTRATIVE DUTIES AND FUNCTIONS AND WEAKNESS IN ACCOUNTING AND ADMINISTRATIVE INTERNAL CONTROLS

Condition: The Library does not have an adequate segregation of duties and functions, which causes significant weaknesses within its office's accounting and administrative internal control system.

Status: Unresolved. See current year finding 2019-001.

2018-003 MINUTES OF THE MEETING OF THE LIBRARY'S BOARD OF CONTROL

Condition: The Library's minutes were unorganized, out of order, incomplete, and difficult to follow.

Status: Resolved

2018-004 MISAPPROPRIATION OF PUBLIC FUNDS AND ASSETS OF THE LIBRARY

Condition: During 2018 and into 2019, it was discovered that there was possible significant misappropriation of public funds and assets.

In 2018, the Library Board hired an accounting firm to perform a *Forensic Examination* for the purpose of quantifying the potential financial loss due to possible unauthorized activity by its Business Manager, who resigned in August 2018. This Examination identified \$58,876 in Library funds that may have been misappropriated by the former Business Manager.

Subsequently in 2019, the Library Board hired the same accounting firm to investigate possible unauthorized additional compensation payments received by the Assistant Library Director. This Report concluded that "the Assistant Library Director received in total \$4,412.60 in unauthorized compensation for the period January 8, 2018 to April 30, 2019."

Status: Resolved

**St. John the Baptist Parish Library
Management's Corrective Action Plan
For the Year Ended December 31, 2019**

Part I – Financial Statement Findings

2019-001 INADEQUATE SEGREGATION OF ACCOUNTING AND ADMINISTRATIVE DUTIES AND FUNCTIONS (SIGNIFICANT DEFICIENCY – ORIGINATED AT INCEPTION)

Planned Corrective Action: The Library will ensure a member of management other than the preparer will review and approve all reconciliations, and related journal entries.

Anticipated Completion Date: Immediately.

Responsible Contact Person: Andrea Tullos, Library Director.

2019-002 INTERNAL CONTROL OVER FINANCIAL REPORTING OF GOVERNMENTAL ACTIVITIES (MATERIAL WEAKNESS)

Planned Corrective Action: The Library will maintain detailed capital asset listings which include historical costs and depreciation expense going forward for all capital assets categories.

Anticipated Completion Date: Immediately.

Responsible Contact Person: Andrea Tullos, Library Director

2019-003 INTERNAL CONTROL OVER FINANCIAL REPORTING (MATERIAL WEAKNESS)

Planned Corrective Action: The Library will implement systems of internal control over financial reporting that include reconciliations of material account balances and working with an outside accountant to ensure yearend accruals will be materially correct.

Anticipated Completion Date: Immediately.

Responsible Contact Person: Andrea Tullos, Library Director

Part II – Compliance

2019-004 STATE ETHICS TRAINING (COMPLIANCE FINDING)

Planned Corrective Action: The Library will ensure that public servants and elected officials receive the annual ethics training.

Anticipated Completion Date: Immediately.

Responsible Contact Person: Andrea Tullos, Library Director



Carr, Riggs & Ingram, LLC
111 Veterans Blvd.
Suite 350
Metairie, Louisiana 70005

(504) 833-2436
(504) 484-0807 (fax)
www.CRIcpa.com

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Control
St. John the Baptist Parish Library
Laplace, Louisiana
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to the St. John the Baptist Parish Library (the "Library") and the Louisiana Legislative Auditor ("LLA") on the control and compliance ("C/C") areas identified in the LLA's Statewide Agreed-Upon Procedures ("SAUPs") for the fiscal period January 1, 2019 through December 31, 2019. The Library is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated results are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

Results: No exceptions were found as a result of applying the above procedure.

b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Results: No exceptions were found as a result of applying the above procedure.

- c) **Disbursements**, including processing, reviewing, and approving

Results: No exceptions were found as a result of applying the above procedure.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) .

Results: No exceptions were found as a result of applying the above procedure.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Results: No exceptions were found as a result of applying the above procedure.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

Results: No exceptions were found as a result of applying the above procedure.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

Results: No exceptions were found as a result of applying the above procedure.

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

Results: No exceptions were found as a result of applying the above procedure.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Results: No exceptions were found as a result of applying the above procedure.

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results: No exceptions were found as a result of applying the above procedure.

- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software

patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Results: No exceptions were found as a result of applying the above procedure.

Board or Finance Committee

2. Obtain and inspect the Board/Finance Committee minutes for the fiscal period, as well as the Board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

We obtained and reviewed the Library minutes and bylaws for the fiscal period.

- a) Observe that the Board/Finance Committee met with a quorum at least monthly, or on a frequency in accordance with the Board's enabling legislation, charter, bylaws, or other equivalent document.

Results: No exceptions were found as a result of applying the above procedure.

For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternatively, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

Results: No exceptions were found as a result of applying the above procedure.

- b) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Results: No exceptions were found as a result of applying the above procedure.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

Results: No exceptions were found as a result of applying the above procedure.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Results: There was no evidence that the September bank reconciliation was prepared within two months of the statement closing date.

- b) Bank reconciliations include evidence that a member of management/Board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Results: There was no evidence noted that a member of management had reviewed the bank reconciliation selected.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: No exceptions were found as a result of applying the above procedure.

Collections (excluding EFTs)

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

Results: No exceptions were found as a result of applying the above procedure.

- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

Results: No exceptions were found as a result of applying the above procedure.

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

Results: Exceptions noted. At all four Library branch collection locations the cash drawer is shared by multiple employees.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

Results: No exceptions were found as a result of applying the above procedure.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

Results: No exceptions were found as a result of applying the above procedure.

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

Results: No exceptions were found as a result of applying the above procedure.

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

Results: No exceptions were found as a result of applying the above procedure.

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

- a) Observe that receipts are sequentially pre-numbered.

Results: No exceptions were found as a result of applying the above procedure.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Results: No exceptions were found as a result of applying the above procedure.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

Results: No exceptions were found as a result of applying the above procedure.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

Results: Exceptions noted. During our review of collections, we noted that for one (1) out of two (2) receipts selected, there was four (4) days between receipt and the bank deposit.

- e) Trace the actual deposit per the bank statement to the general ledger.

Results: No exceptions were found as a result of applying the above procedure.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

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

Results: No exceptions were found as a result of applying the above procedure.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Results: No exceptions were found as a result of applying the above procedure.

- b) At least two employees are involved in processing and approving payments to vendors.

Results: No exceptions were found as a result of applying the above procedure.

- 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.

Results: Exceptions noted. We noted the employee responsible for processing payments was able to add/modify vendor files, and there was no periodic review of 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: No exceptions were found as a result of applying the above procedure.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

Results: No exceptions were found as a result of applying the above procedure.

- a) Observe that the disbursement matched the related original invoice/billing statement.

Results: No exceptions were found as a result of applying the above procedure.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Results: No exceptions were found as a result of applying the above procedure.

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

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

Results: No exceptions were found as a result of applying the above procedure.

- 12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.

Results: No exceptions were found as a result of applying the above procedure.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

Results: Exception noted. We noted one (1) out of five (5) cards that had late fees assessed.

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

Results: Exceptions noted. We noted four (4) out of thirty-four (34) transactions for which receipts were not provided. We noted the business/public purpose was not documented for our selections.

Payroll and Personnel

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

Results: No exceptions were found as a result of applying the above procedure.

15. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #14 above, obtain attendance records and leave documentation for the pay period, and:

a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

Results: No exceptions were found as a result of applying the above procedure.

b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

Results: Exception noted. We noted there was no evidence that supervisors approved the attended and leave of the selected employees.

c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Results: No exceptions were found as a result of applying the above procedure.

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

Results: No exceptions were found as a result of applying the above procedure.

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

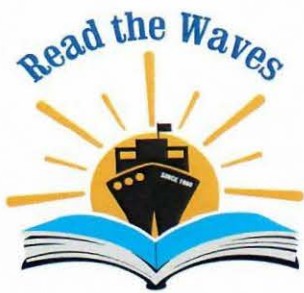
Results: No exceptions were found as a result of applying the above procedure.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, 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 LLA as a public document.

Cary Riggs & Ingram, L.L.C.

September 30, 2020
Metairie, LA



St. John Parish Library

www.stjohn.lib.la.us

September 30, 2020

Louisiana Legislative Auditor
1600 North 3rd Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

And

Carr, Riggs & Ingram, LLC
111 Veterans Blvd.
Suite 350
Metairie, LA 70005

RE: Management's Response to Statewide Agreed-Upon Procedures
St. John the Baptist Parish Library

Ladies and Gentlemen:

St. John the Baptist Parish Library has adopted policies and procedures during 2020, which will address each of the Statewide Agreed-Upon Procedures exceptions for each financial function. We will ensure appropriate changes have been implemented that will improve operations and internal controls in each area that are cost effective and within our budget constraints.

Sincerely,

A handwritten signature in black ink that reads "Andrea Tullos". The signature is written in a cursive style.

Andrea Tullos
Library Director