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BOVINGTON, LOUISIANA

GENERAL PURPOSE FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT

December 31, 1965

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date JUN 20 1966

ST. TAMMANY PARISH LIBRARY  
COVINGTON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

December 31, 1986

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available. Ad valorem taxes and state revenue sharing are recognized as revenues and recorded as receivables at the time of levy. Miscellaneous revenues and forfeitures are recorded as revenues when received in cash by the Library because they are generally not measurable until actually received. Charges for services are recorded when earned since they are measurable and available. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

4. Operating Budgetary Data

The Library Board adopted a budget for the General Fund. The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget and public hearings on the budget prior to adoption. Any amendment involving increases in expenditures must be approved by the Library Board. Budgeted amounts included in the accompanying financial statements include all amendments. All budgeted amounts which are not expended, or obligated through contracts, lapse at year end.

The general fund budget is adopted on a basis materially consistent with generally accepted accounting principles.

5. Bad Debts

The financial statements of the Library contain no allowance for bad debts. Uncollectible receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operation of the General Fund.

ST. TAMMANY PARISH LIBRARY  
CONVINGTON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

December 31, 1996

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Compensated Absence

Full-time employees receive three weeks of vacation that is accrued at the rate of 1.25 days per month from the date of employment. Employees with 25 or more years of service at January 1, 1985, are approved for four weeks of vacation. Vacation time does not vest. Any unused vacation time remaining at year-end is forfeited. Full-time employees receive an annual sick leave allowance of 90 working days accrued at the rate of 6.67 hours per month from date of employment and it may be used after six months employment. Sick leave is cumulative, with maximum accumulation being 90 days. Upon retirement or termination of employment, employees will be paid for 50% of accumulation. At December 31, 1996 the Library employees had accumulated and vested approximately \$30,962 of employee leave benefits.

9. Long-term Obligations

Long-term obligations of the Library consist of vested sick leave payable to employees. Only the portion of the Library's long-term obligations expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group.

10. Total Column on Combined Statements - Overview

The total column on the combined statements - overview is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations, in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE B - CASH AND CASH EQUIVALENTS

The following is a summary of cash and cash equivalents (book balances) at December 31, 1996:

Demand deposits	\$ 148,786
Money market accounts	307,692
Total	<u>\$ 456,478</u>

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# Smith, Huval & Associates, L.L.C.

LL COMPANY LIMITED BY SHARES

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Control  
St. Tammany Parish Library  
Covington, Louisiana

We have audited the accompanying general purpose financial statements of the St. Tammany Parish Library, a component unit of the St. Tammany Parish Police Jury, as of and for the year ended December 31, 1996. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 1996 general purpose financial statements referred to above present fairly, in all material respects, the financial position of the St. Tammany Parish Library as of December 31, 1996, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements as a whole. The accompanying information listed as supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the St. Tammany Parish Library. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

In accordance with Government Auditing Standards we have also issued reports dated April 16, 1997 on our consideration of St. Tammany Parish Library's internal control structure and a report dated April 16, 1997 on its compliance with laws and regulations.

*Smith, Huval & Associates, L.L.C.*

April 16, 1997

ST. TAMMANY PARISH LIBRARY  
COVINGTON, LOUISIANA

COMBINED BALANCE SHEET-  
ALL FUND TYPES AND ACCOUNT GROUPS

December 31, 1996

	Governmental Fund Type	Account Groups		Totals	
		General	General	Miscellaneous/Other	
		Fund	Fund	1996	1995
		Assets	Liabilities		
<b>ASSETS</b>					
Cash:					
Operating	\$ 413,718	\$	\$	\$ 413,718	\$ 365,608
Health claims	42,568			42,768	28,882
Investments	1,686,873			1,686,873	1,987,617
Receivables - ad valorem taxes	2,685,281			2,685,281	2,711,853
Due from State of Louisiana	133,283			133,283	131,201
Accrued interest	14,986			14,986	25,152
Other assets	2,281			2,281	2,281
Amount to be provided for retirement of long-term obligations			30,912	30,912	29,289
Fixed assets		6,823,947		6,823,947	6,718,100
<b>Total assets</b>	<b>\$8,891,282</b>	<b>\$6,823,947</b>	<b>\$ 30,912</b>	<b>\$11,787,141</b>	<b>\$10,732,449</b>

The accompanying notes are an integral part of this statement.

ST. TAMMANY PARISH LIBRARY  
 COVINGTON, LOUISIANA

COMBINED BALANCE SHEET  
 ALL FUND TYPES AND ACCOUNT GROUPS - Continued

December 31, 1996

	Governmental Fund Type	Account Groups		Totals	
		General	General	Memorandum Only	
		Fixed	Long-Term	1996	1995
	Assets	Debt			
<b>LIABILITIES</b>					
Accounts payable	\$ 36,378	\$	\$	\$ 36,378	\$ 77,625
Due to St. Tammany Parish Assessor				-	2,363
Accrued salaries	29,522			29,522	15,800
Payroll taxes	1,048			1,048	1,670
State retirement	49,470			49,470	54,875
Health claims payable	13,128			13,128	16,788
Compensated absences payable			38,912	38,912	25,289
Total liabilities	129,646	-	38,912	148,558	171,210
<b>FUND EQUITY</b>					
Investment in general fixed assets		6,858,947		6,858,947	6,758,183
Fund balance - reserved for health claims	28,787			28,787	12,694
Fund balance - unreserved	4,297,849			4,297,849	3,908,655
Fund Balance	4,326,636	-	-	4,326,636	3,921,449
Total fund equity	4,326,636	6,858,947	-	11,646,583	10,159,231
Total liabilities and fund equity	\$4,896,282	\$6,858,947	\$ 38,912	\$11,287,141	\$18,157,440

The accompanying notes are an integral part of this statement.

ST. TAMMANY PARISH LIBRARY  
CONVINGTON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

December 31, 1996

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of St. Tammany Parish Library (the Library) conform to generally accepted accounting principles as applicable to governments. The following is a summary of significant accounting policies:

1. Reporting Entity

The Library was established by the Parish governing authority, under the provisions of Louisiana Revised Statute 18:211. The Library is governed by a Board of Control which is appointed by the Parish Police Jury. Effective January 1, 1989, the administrative and accounting functions for the Library were transferred to the Board of Control under the provisions of Louisiana Revised Statute 25:215(1)(9). These functions were previously provided by the Parish of St. Tammany (the Parish). The Library maintains eleven locations which provide citizens of the Parish access to library materials, books, magazines, compact discs and films.

The Library is a component unit of the Parish and, as such, these financial statements will be included in the comprehensive annual financial report of the Parish for the year ended December 31, 1996. Reported in the Parish's financial report, but not in the Library's financial statements are land, buildings and furnishings of the Library's eleven locations. Additionally, the Parish is responsible for reporting and administering funds generated from Library capital bond proceeds.

2. Fund Accounting

The accounts of the Library are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operation of each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Governmental funds are those through which most governmental functions of the Library are financed. The acquisition, use and balances of the Library's expendable financial resources and the related liabilities are accounted for through governmental funds. The General Fund is the general operating fund of the Library. It is used to account for all financial resources except those that are required to be accounted for in another fund.



ST. TAMMANY PARISH LIBRARY  
COVINGTON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

December 31, 1986

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Cash and Cash Equivalents and Investments

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

Under state law, the municipality may invest in United States bonds, treasury notes, or acid funds. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

7. General Fixed Assets

The accounting and reporting treatment applied to the fixed assets associated with a fund is determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balances (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases/decreases and other financing sources and decreases (in parentheses and other financing used) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. All fixed assets purchased prior to 1989, except for book purchases, are accounted for by the Parish. Fixed assets do not include capital expenditures for periodicals and subscriptions. Fixed assets purchased from 1989 through 1993 are valued at historical cost. Books purchased prior to 1989 are valued at an estimated average book cost of \$15.00. No depreciation has been provided on general fixed assets.

The General Fixed Assets Account Group is not a "Fund". It is concerned only with the measurement of financial position. It is not involved with the measurement of results of operations.

ST. TAMMANT PARISH LIBRARY  
 COVINGTON, LOUISIANA

SCHEDULE OF GOVERNING BOARD

December 31, 1996

Board of Council	Term of Office	Compensation
George Cuy 813 Maine Avenue Slidell, LA 70458	April 23, 1997	\$0
James Fessell 79454 Jessie Hyatt Road Covington, LA 70453	February 21, 2000	0
Richard Hart 275 Garden Avenue Mandeville, LA 70471	May 17, 2000	0
Mark Johnson P 1 Whiggenswell Covington, LA 70453	November 11, 2001	0
Barbara Morgan 63250 N. Sun Money Road Pearl River, LA 70452	May 20, 1998	0
Kristen Scott 61202 W. Springwell Drive Lacombe, LA 70445	May 16, 2000	0
Ruth Smith 82196 Bush Cemetery Road Covington, LA 70453	November 17, 1998	0
Steve Richmond 207 Queen Ann Drive Slidell, LA 70460	Police Jury member appointed to serve as Ex-Officio member	0

ST. TAMMANY PARISH LIBRARY  
CONVINGTON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

December 31, 1996

NOTE B - CASH AND CASH EQUIVALENTS (Continued)

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 1996, the Library has \$478,442 in deposits. These deposits are secured from risk by \$180,000 of federal deposit insurance and \$298,442 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

Even though pledged securities are considered uncollateralized - Category 3 under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 90 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

NOTE C - INVESTMENTS

Investments are carried at cost, which approximates market value at December 31, 1996.

NOTE D - AD VALOREM TAXES

Property taxes for the operation and maintenance of the Library are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, nonclassified and receivable property located in the Parish. Assessed values are established by the St. Tammany Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 1996. Taxes are due and payable December of the following year.

ST. TAMMANY PARISH LIBRARY  
COWINGTON, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASED), AND  
ACTUAL - GENERAL FUND TYPE

For the year ended December 31, 1995

	<u>Budget</u>	<u>1995 Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>1995 Actual</u>
<b>REVENUES</b>				
Taxes - all valuations	\$ 3,000,000	\$2,777,065	\$ 222,935	\$2,297,494
Intergovernmental - State of Louisiana - State revenue sharing	180,000	196,358	6,358	198,071
Fees and fees	70,000	108,505	38,505	81,406
Miscellaneous:				
Interest earned	35,000	107,548	72,548	130,574
Donations	10,000	3,802	(6,198)	5,603
<b>Total revenues</b>	<u>3,285,000</u>	<u>3,183,286</u>	<u>101,714</u>	<u>2,694,142</u>
<b>EXPENDITURES</b>				
Personal services	1,211,956	1,148,988	62,968	1,087,848
Supplies and materials	58,432	33,518	2,914	57,764
Other services and charges	286,031	233,213	52,818	228,533
Repairs and maintenance	333,580	163,309	170,271	268,802
Capital expenditures	809,000	708,256	100,744	578,562
<b>Total expenditures</b>	<u>2,598,000</u>	<u>2,373,284</u>	<u>224,716</u>	<u>2,168,510</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 687,000</u>	<u>809,987</u>	<u>\$ 1,222,987</u>	<u>525,632</u>
<b>FUND BALANCE</b>				
Beginning of year		<u>3,923,889</u>		<u>3,392,431</u>
End of year		<u>4,733,876</u>		<u>3,918,063</u>

The accompanying notes are an integral part of this statement.

The Board of Control  
St. Tammany Parish Library  
Covington, Louisiana

shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private. We think that the above practice is in violation of this provision.

We considered these instances of noncompliance in forming our opinion on whether the December 31, 1996 general purpose financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principals and this report does not affect our report dated April 18, 1997 on those general purpose financial statements.

This report is intended for the information of the management and others within the organization as well as the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

*Smith, Havel & Associates, L.L.C.*

April 16, 1997

# Smith, Hurval & Associates, L.L.C.

AN LIMITED LIABILITY COMPANY

Chartered Public Accountants

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS

To the Board of Control  
St. Tammany Parish Library  
Covington, Louisiana

We have audited the general purpose financial statements of the St. Tammany Parish Library, a component unit of the St. Tammany Parish Police Jury, as of and for the year ended December 31, 1996 and have issued our report thereon dated April 16, 1997.

We conducted our audit in accordance with generally accepted auditing standards and 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 general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the St. Tammany Parish Library is the responsibility of the Library's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Library's compliance with certain provisions of laws, regulations, contracts, and grants. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

Material instances of noncompliance are failures to follow requirements, or violations of prohibitions, contained in statutes or regulations that cause or contribute to the aggregation of the misstatements resulting from those failures or violations is material to the general purpose financial statements. The results of our tests of compliance disclosed the following instances of noncompliance:

The Library contracted with a firm to purchase and install computers at three branches for public access to the Internet. Although the Library obtained quotes from local firms, it did not publicly advertise for bids as required by the state public bid law. The Public Bid Law requires that local governments publicly advertise for items costing over \$10,000.

The Library has historically given books that it deems to be surplus to several nonprofit organizations within the parish who are operating "Friends of the Library" groups. These organizations have in turn sold those books and apparently used some of the proceeds to support certain library activities. However, these groups have not remitted all of the proceeds from the sale of the surplus books to the Library. Louisiana Constitution Article 7 paragraph 14 provides that the funds, assets, property, or things of value of the state or a political subdivision

# Smith, Huval & Associates, L.L.C.

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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL

To the Board of Council  
St. Tammany Parish Library  
Covington, Louisiana

We have audited the general purpose financial statements of the St. Tammany Parish Library, a component unit of the St. Tammany Parish Police Jury, as of and for the year ended December 31, 1996 and have issued our report thereon dated April 16, 1997.

We conducted our audit in accordance with generally accepted auditing standards and 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 of material misstatement.

The management of the St. Tammany Parish Library is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objective of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the component unit financial statements of the St. Tammany Parish Library for the year ended December 31, 1996, we obtained an understanding of its internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

## SUPPLEMENTAL INFORMATION



ST. TAMMANY PARISH LIBRARY  
COMMINGTON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

December 31, 1996

NOTE II - PENSION PLAN (Continued)

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees Retirement System of Louisiana, P. O. Box 34609, Baton Rouge, Louisiana 70899-4619, or by calling (504) 928-1361.

Contributions to the System include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each parish except Orleans and East Baton Rouge Parishes. For the year ended December 31, 1996, State statute requires employees to contribute 9.5 percent of their salary to the System, and the Library must contribute 7.25 percent of the taxable wages of each employee as an employee match.

The contribution by the Library for the years ended December 31, 1996, 1995 and 1994 was \$140,750, \$132,613, and \$132,438, respectively, equal to the required contributions for each year. These contributions consisted of \$60,790, \$60,623, and \$60,558, respectively as the employer contribution and \$79,960, \$71,990 and \$70,882, respectively from covered-employees. Covered payroll for the year ended December 31, 1996 was \$838,921.

NOTE I - STATE REVENUE SHARING

State revenue sharing is an arrangement whereby local governments are reimbursed by the State for ad valorem taxes not billed due to the homestead exemption.

The Library recognized revenue from state revenue sharing of \$156,338 for the year ended December 31, 1996. Receivables for state revenue sharing for the year ended December 31, 1996 was \$138,283.

NOTE I - COMPENSATION OF BOARD MEMBERS

No compensation was paid to board members for the year ended December 31, 1996.

ST. TAMMANY PARISH LIBRARY  
COMMUNTON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

December 31, 1996

NOTE G - LEASE

The Library leases the Ponchartraine branch facility in Slidell and certain telephonic equipment. Lease expense for the year ended December 31, 1996 was \$8,969 for the building and land and \$6,712 for the telephonic equipment. Future minimum payments for these agreements are as follows:

	Building and Land	Telephonic Equipment
1997	\$ 8,736	\$ 7,200
1998	8,736	7,200
1999	-	7,200
2000	-	7,200
2001	-----	7,200
	<u>\$ 17,472</u>	<u>\$ 30,600</u>

NOTE H - PENSION PLAN

Substantially, all full-time employees of the Library are members of the State Parishial Employees Retirement System of Louisiana. The System is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees.

All permanent employees working at least 28 hours per week and who are paid wholly or in part from Library funds are eligible to participate in the System. Employees who retire at or after age 60 with at least ten years of credited service, at or after age 55 with 25 years of credited service, or at any age with at least 30 years of credited service, are entitled to a retirement benefit, payable monthly for life, equal to 5 percent of their final-average salary for each year of credited service. Final-average salary is the employee's average salary over the 36 consecutive or joined months which produce the highest average.

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

ST. TAMMANY PARISH LIBRARY  
COVINGTON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

December 31, 1996

NOTE F - SELF-INSURANCE (Continued)

The Plan is accounted for in the general fund of the Library. The cost of claims is recorded as an expense when the claims arise. Claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated.

Claims liabilities include an amount for claims that have been incurred but not paid as of December 31, 1996. These liabilities are reported at their present value of \$13,128. Changes in the balances of claims liabilities during December 31, 1996 were: Follows:

	<u>1996</u>
Beginning of year liability	\$ 36,788
Claims and charges in estimates	52,109
Claims payments	(155,769)
Balance at fiscal year end	<u>\$ 13,128</u>

A stop-loss insurance contract executed with an insurance carrier covers claims in excess of \$7,500 per single employee, per year. Total claims incurred through December 31, 1996, was \$62,899, which did not exceed the stop-loss insurance limit.

The Library has reserved the fund balance in the amount of \$28,787 for amounts by which the health claims cash account exceeded the self-insurance medical plan's liabilities at December 31, 1996.

ST. TAMMANY PARISH LIBRARY  
COVINGTON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

December 31, 1986

NOTE D - AD VALOREM TAXES (Continued)

Properties for which taxes have not been paid are sold. Taxes are billed and collected by the St. Tammany Parish Sheriff's Department which receives a fee for its services. The taxes remitted by the Sheriff's Department to the Parish and then to the Library are not of parish's fiscal expense. The tax rates for the year ended December 31, 1986 were \$7.33, per \$1,000 of assessed valuation on property parish-wide. Ad valorem taxes are recorded as revenues in the period levied.

NOTE E - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance January 1, 1986	Additions	Deletions	Balance December 31, 1986
Books	\$ 6,100,539	\$ 400,251	\$ -	\$ 6,500,790
Vehicles	12,119	-	-	12,119
Computer	100,345	93,234	-	193,579
Equipment	18,580	127,629	-	146,209
<b>Totals</b>	<b>\$ 6,231,583</b>	<b>\$ 621,114</b>	<b>\$ -</b>	<b>\$ 6,852,697</b>

Fixed assets, including land, buildings and furnishings of the Library's eleven locations, except for book purchases, certain computer and other equipment and a vehicle are accounted for by the Parish.

NOTE F - SELF-INSURANCE

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

The Board of Control  
St. Tammany Parish Library  
Covington, Louisiana

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

This report is intended for the information of the management and others within the organization as well as the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

April 16, 1977

*Smith, Hume & Associates, L.L.C.*