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ST. TAMMANY PARISH LIBRARY

December 31, 1998

~~PARISH CLERK OF COURT~~

~~LSA-RS 24:516 provides that this report shall be available for public inspection for a period of not less than one year from the date of receipt.~~

~~Legislative Auditor~~

Audit of Financial Statements

December 31, 1998

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 7-21-99

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**ST. TAMMANY PARISH LIBRARY
COVINGTON, LOUISIANA
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS**

December 31, 1998

ASSETS	Governmental	Account Groups		Totals	
	Fund Type	General	General	(Memorandum Only)	
	Fund	Fixed Assets	Long-Term Debt	1998	1997
Cash					
Operating	\$ 169,767	\$ -	\$ -	\$ 169,767	\$ 326,189
Health Claims	60,643	-	-	60,643	59,219
Investments	1,447,765	-	-	1,447,765	2,206,457
Receivables - Ad Valorem Taxes	2,679,887	-	-	2,679,887	2,551,076
Due from State of Louisiana	178,079	-	-	178,079	178,079
Other Assets	2,381	-	-	2,381	2,381
Amount to be Provided for Retirement of General Long-Term Obligations	-	-	57,133	57,133	32,898
Fixed Assets	-	8,469,433	-	8,469,433	7,378,351
Total Assets	\$ 4,538,522	\$ 8,469,433	\$ 57,133	\$ 13,065,088	\$ 12,734,650
LIABILITIES					
Accounts Payable	\$ 8,308	\$ -	\$ -	\$ 8,308	\$ 90,151
Due to Other Governments	-	-	-	-	53,840
Accrued Salaries	50,266	-	-	50,266	51,239
Payroll Taxes	4,373	-	-	4,373	1,149
State Retirement	51,641	-	-	51,641	47,309
Health Claims Payable	13,128	-	-	13,128	13,127
Compensated Absences Payable	-	-	57,133	57,133	32,898
Total Liabilities	127,716	-	57,133	184,849	289,713
FUND EQUITY					
Investment in General Fixed Assets	-	8,469,433	-	8,469,433	7,378,351
Fund Balance - Reserved for Health Claims	47,515	-	-	47,515	46,092
Fund Balance - Unreserved	4,363,291	-	-	4,363,291	5,020,494
Fund Balance	4,410,806	-	-	4,410,806	5,066,586
Total Fund Equity	4,410,806	8,469,433	-	12,880,239	12,444,937
Total Liabilities and Fund Equity	\$ 4,538,522	\$ 8,469,433	\$ 57,133	\$ 13,065,088	\$ 12,734,650

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

**ST. TAMMANY PARISH LIBRARY
COVINGTON, LOUISIANA**

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

For The Year Ended December 31, 1998

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	(Memorandum Only) 1997 <u>Actual</u>
REVENUES				
Taxes - Ad Valorem	\$ 2,763,438	\$ 2,674,191	\$ (89,247)	\$ 2,632,366
Intergovernmental - State of Louisiana				
State Revenue Sharing	198,000	178,079	(19,921)	178,110
Fines and Fees	135,000	135,239	239	129,525
Grants	208,604	208,603	(1)	45,496
Miscellaneous:				
Interest Earned	105,000	132,110	27,110	140,777
Donations	10,000	2,891	(7,109)	14,224
Other	-	6,699	6,699	21,303
	<u>3,420,042</u>	<u>3,337,812</u>	<u>(82,230)</u>	<u>3,161,801</u>
Total Revenues				
EXPENDITURES				
Personnel Services	1,695,715	1,735,280	(39,565)	1,429,827
Supplies and Materials	92,350	82,009	10,341	85,892
Operating Services	707,172	640,444	66,728	610,312
Intergovernmental	2,500	2,019	481	3,778
Capital Expenditures	<u>2,273,539</u>	<u>1,533,840</u>	<u>739,699</u>	<u>752,042</u>
	<u>4,771,276</u>	<u>3,993,592</u>	<u>777,684</u>	<u>2,881,851</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over Expenditures	(1,351,234)	(655,780)	695,454	279,950
FUND BALANCE				
Beginning of Year	<u>5,066,586</u>	<u>5,066,586</u>	-	<u>4,786,636</u>
End of Year	<u>\$ 3,715,352</u>	<u>\$ 4,410,806</u>	<u>\$ 695,454</u>	<u>\$ 5,066,586</u>

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

**ST. TAMANY PARISH LIBRARY
COVINGTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

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 25:211. 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(b)(9); these functions were previously provided by the Parish of St Tammany (the Parish). During 1998, the Library maintained eleven locations and one administrative facility, which provide citizens of the Parish access to library materials, books, magazines, compact discs, films and the Internet.

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, 1998. Land, building and furnishings of the Library's locations are included in the Parish's financial statements and, as such, are not included in the Library's financial statements. 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 operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, 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.

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.

**ST. TAMANY PARISH LIBRARY
COVINGTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. BASIS OF ACCOUNTING (Continued)

All governmental funds are accounted for using the modified accrual basis of accounting. These 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 fines 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. BUDGET POLICIES

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 being adopted. 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.

6. CASH AND INVESTMENTS

Cash includes amount in demand deposits, interest-bearing demand deposits, and money market accounts. Cash also includes amount in time deposits and those investments with original maturities of 90 days or less.

Statutes authorize the Library to invest in the following types of securities:

- (1) Direct U.S. Treasury obligations, the principal and interest of which are fully guaranteed by the U.S. Government.
- (2) Fully-collateralized certificates of deposit issued by qualified commercial banks and savings and loan institutions located within the State of Louisiana.

**ST. TAMANY PARISH LIBRARY
COVINGTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. CASH AND INVESTMENTS (Continued)

- (3) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies, or by U.S. government instrumentalities which are federally sponsored, and provided such obligations are backed by the full faith and credit of the U.S.
- (4) Direct repurchase agreements of any federal bank entry only securities enumerated in paragraphs (1) and (3) above. "Direct security repurchase agreement" means an agreement under which the political subdivision buys, holds for a specified time, and then sells back those securities and obligations enumerated in paragraphs (1) and (3) above.

Short-term investments are stated at amortized cost, which approximates market. Certain investments, as required by Government Auditing Standards Board Pronouncement No. 31 may be reported at fair value that is determined using selected bases.

7. GENERAL FIXED ASSETS

The accounting and reporting treatment applied to the fixed assets associated with a fund are 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 balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. 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 books, are included in the Parish's accounting records. Fixed assets do not include capital expenditures for periodicals and subscriptions. Fixed assets purchased from 1989 through 1998 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. TAMANY PARISH LIBRARY
COVINGTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. COMPENSATED ABSENCES

Full time employees hired before March 17, 1998 earn annual leave at the rate of 1.25 days per month from the date of employment. Employees with 20 or more years of service at January 1, 1985 are approved for four weeks of annual leave. Employees with more than 5 or 15 years of service may accumulate and carry over up to 40 or 80 hours, respectively, of unused annual leave to the next calendar year. Full time employees receive a maximum annual sick leave allowance of 10 working days accrued at the rate of 6.67 hours per month. Sick leave begins accruing from date of employment and it may be used after six months of employment. Sick leave is cumulative, with a maximum allowable accumulation of fifty days and may be carried forward to subsequent years. Upon retirement or termination of employment, employees will be paid fifty percent of accumulated sick leave. At December 31, 1998, the Library employees had accumulated and vested approximately \$57,133 of employee leave benefits.

9. LONG-TERM OBLIGATIONS

Long-term obligations of the Library consist of unused sick leave and annual leave payable to employees. Only the portion of the Library's long-term obligations that management expects 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

Total columns on the combined financial statements are captioned "Memorandum Only" to indicate that they are presented to facilitate financial analysis. Data in these columns do not present financial position or results of operations, in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Inter-fund eliminations have not been made in the aggregation of this data.

The amounts shown for 1997 in the component unit general purpose financial statements are included to provide a basis for comparison with 1998 and are not intended to present all information necessary for a fair presentation in accordance with generally accepted accounting principles. Certain amounts related to 1997 have been reclassified in the accompanying component unit general purpose financial statements in order to confirm with the 1998 presentation.

NOTE B

CASH

The following is a summary of cash (carrying amount) at December 31, 1998:

Demand Deposits	\$ 153,784
Money Market Accounts	<u>76,626</u>
Total	<u>\$ 230,410</u>

**ST. TAMANY PARISH LIBRARY
COVINGTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE B

CASH (Continued)

At December 31, 1998, the actual bank balances of these deposits was \$376,881. Of the bank balances, \$100,000 was secured by federal depository insurance. In compliance with State laws, the remaining balance of \$276,881 of these deposits was secured by bank owned securities specifically pledged to the Library and held by an independent custodian institution, jointly in the name of the Library and the 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 that the fiscal agent has failed to pay deposited funds upon demand.

NOTE C

INVESTMENTS

Investments with a cost of \$1,447,765 as of December 31, 1998, consists of treasury bills and are carried at amortized cost. Estimated market value at December 31, 1998 was \$1,448,555.

The Library's investments are categorized below to give an indication of the level of risk assumed by the Library at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the Library or its agent in the Library's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the Library's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the Library's name. At December 31, 1998, all of the Library's investments were considered a Category 2 level of risk.

NOTE D

AD VALOREM TAXES

Property taxes for the operations 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, merchandise and movable property located in the Parish. Assessed values are established by the St. Tammany Parish Assessor's Office and the State Tax Commission at the percentage 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.

Properties for which taxes have not been paid are sold. Taxes are billed and collected by the St. Tammany Parish Sheriff's Department, who receives a fee for its services. The taxes are remitted by the Sheriff's Department to the Parish and then to the Library and are net of pension fund expense. The tax rates for the year ended December 31, 1998 were \$6.33 per \$1,000 of assessed valuation on property parish-wide. Ad Valorem taxes are recorded as revenues in the period levied.

**ST. TAMANY PARISH LIBRARY
COVINGTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE E

CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance January 1, <u>1998</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>1998</u>
Books	\$ 6,856,518	\$ 463,676	\$ -	\$ 7,320,194
Land	-	200,000	-	200,000
Vehicles	12,119	35,177	-	47,296
Computers	290,254	223,570	-	513,824
Improvements	45,365	131,737	-	177,102
Furniture & Equipment	<u>174,095</u>	<u>36,922</u>	<u>-</u>	<u>211,017</u>
	<u>\$ 7,378,351</u>	<u>\$ 1,091,082</u>	<u>\$ -</u>	<u>\$ 8,469,433</u>

NOTE F

SELF-INSURANCE

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

The Library has established a self-insurance medical plan for its employees and their covered dependents. During 1998, 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. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

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, 1998. Claims liabilities of \$13,128 are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred but not reported based on historical experience. Claims liabilities include specific, incremental claim adjustment expenses, allocated loss adjustment expenses, and are reduced for estimated recoveries on unsettled claims such as salvage or subrogation. Changes in the balances of claims liabilities during the year ending December 31, 1998 were as follows:

**ST. TAMANY PARISH LIBRARY
COVINGTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE F

SELF-INSURANCE (Continued)

Beginning of Year Liability	\$ 13,127
Claims and Changes in Estimates	91,110
Claims payments	<u>(91,109)</u>
 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. Claims totaling \$2,585 were incurred during the year ending December 31, 1998, which exceeded the stop-loss insurance limit.

The Library has reserved \$47,515 of its fund balance for amounts by which the health claims cash account exceeded the self-insurance medical plan's liabilities at December 31, 1998.

NOTE G

OPERATING LEASES

The Library leases the Pontchartrain branch facility in Slidell, and certain telephone equipment and a vehicle. In addition, the Library began leasing the Causeway Branch facility in Mandeville in March 1999. Lease expense for the year ended December 31, 1998 was \$23,977. Future minimum payments for these agreements are as follows:

	<u>Library Branches</u>	<u>Telephone Equipment</u>	<u>Vehicle</u>
1999	\$ 43,110	\$ 7,200	\$ 1,650
2000	45,852	7,200	-
2001	41,652	1,800	-
2002	41,652	-	-
2003	41,652	-	-
Thereafter	<u>6,942</u>	<u>-</u>	<u>-</u>
	<u>\$220,860</u>	<u>\$ 16,200</u>	<u>\$ 1,650</u>

NOTE H

PENSION PLAN

Substantially, all full time employees of the Library participate in the Parochial Employees Retirement System of Louisiana (the "Plan"). The Plan is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees.

**ST. TAMANY PARISH LIBRARY
COVINGTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

**NOTE II
PENSION PLAN (Continued)**

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 Plan. 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. This benefit is payable monthly for life and is equal to 3 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 Plan also provides death and disability benefits. Benefits are established by state statute.

The Plan issues an annual publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to the Parochial Employees Retirement System of Louisiana, P.O. Box 14619, Baton Rouge, Louisiana, 70808-4619, or by calling (225) 928-1361.

Contributions to the Plan 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, 1998, State statute required employees to contribute 9.5 percent of their salary to the Plan, and the Library must contribute 7.75 percent of the taxable wages of each employee as an employer match.

The Library's contributions to the Plan for the years ended December 31, 1998, 1997 and 1996 were \$97,406, \$76,920 and \$60,750, respectively, equal to the required contributions for each year.

The amount reported below as "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users assess the Plan's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among government pension plans and employers. The Plan does not conduct separate measurements of assets and pension benefit obligations for individual employers. The pension benefit obligation at December 31, 1997 for the Plan as a whole, determined through an actuarial valuation performed as of that date, was \$881,981,793. The Plan's net assets available for benefits on that date (valued at market) were \$984,130,819. The City's contribution represented .77% of total actuarial contributions required.

**ST. TAMANY PARISH LIBRARY
COVINGTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

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 \$178,079 for the year ended December 31, 1998. Receivables for state revenue sharing for the year ended December 31, 1998 was \$178,079.

NOTE J

COMPENSATION OF BOARD MEMBERS

No compensation was paid to board members for the year ended December 31, 1998.

NOTE K

DEFERRED COMPENSATION PLAN

The St. Tammany Parish Library offers its employees deferred compensation under the Louisiana Public Employees Deferred Compensation Plan in accordance with Internal Revenue Code Section 457. The deferred compensation is not available to employees until retirement, death, termination, disability, or financial hardship.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or beneficiary) solely the property and rights of the Library (without being restricted to the provisions of benefits under the plan), subject only to the claims of the Library's general creditors. Participants' rights under the plan are equal to those of general creditors of the Library in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of the Library's legal counsel that the Library has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The Library believes that it is unlikely that it will use the assets to satisfy the claims of general credits in the future. Accordingly, the plan assets and related liabilities have not been included herein.

NOTE L

ROOF REPAIRS

The Library has discovered severe structural defects in the roofs of its Covington and Slidell branches. The Library and the Police Jury are currently engaged in litigation with the parties responsible for construction and design of the buildings. Costs of litigation, repairs to roofs and related damages to property have been, and is expected to continue to be, substantial.

**ST. TAMANY PARISH LIBRARY
COVINGTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE M

YEAR 2000 COMPLIANCE (UNAUDITED)

Time and space saving programming decisions made in prior years resulted in two-digit computer codes that may not correctly recognize "00" as the year 2000. Serious processing error or system failure could result. To prevent this error, computer systems and equipment must be reprogrammed or replaced to make them year 2000 compliant.

The Library is significantly dependent on computerized systems for essential operations and to provide services to citizens. As a continuing process, the Library is actively engaged in making necessary changes to its computer software to achieve year 2000 compliance. The Library has included in its 1999 operating budget the costs associated for the computer software maintenance agreement. Availability of new software upgrades and charges, if any, associated with the operating system and database management software will be in accordance with the maintenance agreement.

As of the date of this audit, the Library appears to be in the Remediation Stage for its operating system and database management software. It also appears that a compliant version of this software will be completely validated and tested in ample time for installation before the year 2000.

The Library employs an outside CPA firm to handle a number of accounting and payroll functions. It also appears that a compliant version of the software used by the CPA for processing these transactions will be in place before the year 2000.

SUPPLEMENTARY INFORMATION

**ST. TAMMANY PARISH LIBRARY
COVINGTON, LOUISIANA**

**SCHEDULE OF EXPENSES
For the Year Ended December 31, 1998**

PERSONNEL SERVICES

	\$ 1,447,370
Salaries and Wages	145,372
Health Insurance	97,406
Retirement	36,067
Payroll Taxes	9,065
Workers' Compensation	<u> </u>
	<u>\$ 1,735,280</u>

SUPPLIES AND MATERIALS

	\$ 23,586
Book Preparation	24,703
Summer Reading Program	12,778
Office and Programming Supplies	6,145
Conventions and Seminars	4,885
Walker Percy Symposium	5,513
Staff Travel	4,399
Programming	<u> </u>
	<u>\$ 82,009</u>

OPERATING SERVICES

	\$ 156,029
Maintenance of Property and Equipment	117,490
Professional Services	112,164
Utilities	96,370
Communications	62,378
Insurance & Claims	59,948
Maintenance Services - Building	23,977
Lease Expense	7,726
Printing, Duplicating & Bookbinding	4,362
Advertising, Dues and Subscriptions	<u> </u>
	<u>\$ 640,444</u>

**ST. TAMMANY PARISH LIBRARY
COVINGTON, LOUISIANA**

**SCHEDULE OF EXPENSES (Continued)
For the Year Ended December 31, 1998**

CAPITAL EXPENDITURES

Improvements to Physical Plant	\$ 442,450
Adult Books	262,998
Land Acquisition	200,000
PC Network	188,695
Juvenile Books	116,097
Adult Reference	71,245
Office Equipment and Furniture	37,795
Vehicles	35,176
Landscaping	33,307
Automation System	32,322
Audio Recordings	31,831
Video Recordings	27,919
Periodicals	25,224
Microfilm	11,190
Juvenile Reference	8,369
Young Adult Books	5,007
CD Rom	2,940
Audio / Visual Equipment	1,275
	<hr/>
	\$ 1,533,840
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**ST. TAMMANY PARISH LIBRARY
COVINGTON, LOUISIANA**

**SCHEDULE OF GOVERNING BOARD
December 31, 1998**

<u>Board of Control</u>	<u>Term of Office</u>	<u>Compensation</u>
Suzanne Villar 595 Barbara Place Mandeville, LA 70448	October 2, 2003	\$ -
Silvia Muller 109 Maple Ridge Way Covington, LA 70433	February 21, 2000	\$ -
Richard Hart P.O. Box 628 Mandeville, LA 70471	May 17, 2000	\$ -
Mark Johnson #1 Whipporwill Covington, LA 70433	December 11, 2001	\$ -
Barbara Morgan 63239 N. Sun Moore Road Pearl River, LA 70452	May 20, 2004	\$ -
Kristen Scott 61202 W. Springmill Drive LaCombe, LA 70445	May 16, 2001	\$ -
Kristin Lyons P.O. Box 464 Slidell, LA 70459	June 16, 2003	\$ -
Steve Stefancik 207 Queen Ann Drive Slidell, LA 70460	Police Jury member appointed to serve as Ex-Officio member	\$ -



**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Control
St. Tammany Parish Library

We have audited the financial statements of **St. Tammany Parish Library**, as of and for the year ended December 31, 1998 and have issued our report thereon dated May 14, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the **Library's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the **Library's** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of the internal control components does not reduce to a relatively low level the risk that misstatements 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 over financial reporting and its operation that we considered material weaknesses.

This report is intended for the information of the Board of Control, management and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

Sabate, Schut, Long & Neal

A Professional Accounting Corporation

May 14, 1999