

WEST BATON ROUGE PARISH LIBRARY
PORT ALLEN, LOUISIANA
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2021

**WEST BATON ROUGE PARISH LIBRARY
TABLE OF CONTENTS
DECEMBER 31, 2021**

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENTS DISCUSSION AND ANALYSIS	3-7
BASIC FINANCIAL STATEMENTS	8
Statement of Net Position	9
Statement of Activities	10
Balance Sheet – Governmental Fund – General Fund	11
Statement of Revenues, Expenditures, and Changes In Fund Balance - Governmental Fund – General Fund	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balance of the Governmental Funds to the Statement of Activities	13
NOTES TO THE FINANCIAL STATEMENTS	14-38
REQUIRED SUPPLEMENTARY INFORMATION	39
Schedule of Revenues, Expenditures, and Changes in Fund Fund Balance – Budget and Actual (GAAP Basis)	40
Schedule of Changes in Net OPEB Liability and Related Ratios	41
Schedule of West Baton Rouge Parish Library's Proportionate Share of the Net Pension Liability	42
Schedule of West Baton Rouge Parish Library's Contributions	43
OTHER SUPPLEMENTARY INFORMATION	44
Schedule of Compensation, Benefits and Other Payments to Agency Head, or Chief Executive Officer	45
REPORTS REQUIRED BY <i>GOVERNMENT AUDITING STANDARDS</i>	46
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based On an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	47-48
Schedule of Findings	49
Schedule of Prior Year Findings	50
AGREED UPON PROCEDURES	51-65

To the Board of Control
West Baton Rouge Parish Library
Port Allen, Louisiana

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the West Baton Rouge Parish Library (a component unit of West Baton Rouge Parish Council), as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the West Baton Rouge Parish Library (a component unit of West Baton Rouge Parish Council), as of December 31, 2021, 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 management discussion and analysis, the budgetary comparison information, schedule of West Baton Rouge Parish Library's proportionate share of the net pension liability, and schedule of West Baton Rouge Parish Library's contributions, and schedule of changes in net OPEB liabilities and related ratios on pages 3 through 7 and page 39 through 43 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 West Baton Rouge Parish Library's basic financial statements. The schedule of compensation, benefits, and other payments to agency head is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of compensation, benefits, and other payments to agency head is the responsibility of management and was 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the schedule of compensation, benefits, and other payments to agency head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 6, 2022 on our consideration of the Library's internal control over financial reporting and on our tests of its compliance with certain provisions, laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Plaquemine, Louisiana
April 6, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

**West Baton Rouge Parish Library
Management's Discussion and Analysis
As of December 31, 2021**

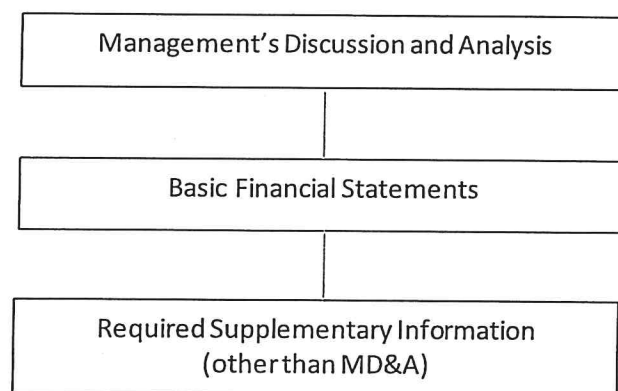
Management's Discussion and Analysis of the West Baton Rouge Parish Library's financial performance presents a narrative overview and analysis of the Library's financial activities for the year ended December 31, 2021. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the transmittal letter presented on pages 1-2 and the Library's financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

- The West Baton Rouge Parish Library's assets and deferred outflows exceeded liabilities and deferred inflows at the close of fiscal year 2021 by \$4,987,318 increasing the Library's net position by \$498,385 over 2020.
- The West Baton Rouge Parish Library's ad valorem revenue increased from \$1,912,729 in 2020 to \$2,081,080 an increase of \$1168,351.

OVERVIEW OF FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.



These financial statements consist of three sections – Management's Discussion and Analysis (this section), the Basic Financial Statements (including the notes to the financial statements) and Required Supplementary Information.

Basic Financial Statements

The basic financial statements present information for the West Baton Rouge Parish Library as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Position, the Statement of Activities, Balance Sheet, and the Statement of Revenues, Expenses, and Changes in Fund Balance.

The Statement of Net Position (page 9) presents assets, deferred outflows of resources, liabilities, and deferred inflows of resources separately. The difference between assets plus deferred outflows and liabilities plus deferred inflows in net position, which may provide a useful indicator of whether the financial position of the West Baton Rouge Parish Library is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Fund Balance (page 12) presents information showing how West Baton Rouge Parish Library's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Position As of December 31, 2020		
	2021	2020
Current and other assets	\$6,079,912	\$5,482,654
<u>Capital Assets & non current</u>	<u>\$2,438,585</u>	<u>\$2,072,436</u>
Total Assets	\$8,518,497	\$7,555,090
Total deferred outflow of resources	\$662,324	\$646,702
Other Liabilities	\$1,013,062	\$929,848
<u>Long-term debt outstanding</u>	<u>---</u>	<u>---</u>
Total Liabilities	\$1,013,062	\$929,848
Total deferred inflow of resources	\$3,180,441	\$2,783,011
Net position:		
Net investment in capital assets	\$973,277	\$802,998
Restricted	\$1,282,483	\$1,269,438
<u>Unrestricted</u>	<u>\$2,731,558</u>	<u>\$2,416,497</u>
Total net position	\$4,987,318	\$4,488,933
Change in Net Position: + \$498,385		

Restricted assets stand for those assets that are not available for spending as a result of legislative requirements, donor agreements, or grant requirements. Conversely, unrestricted assets are those that do not have any limitations on how these amounts may be spent.

Assets of West Baton Rouge Parish Library increased by \$963,407 from January 1, 2021 to December 31, 2021.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year ended December 31, 2021, the West Baton Rouge Parish Library had \$5,264,508 invested in a broad range of capital assets, including Land, Building Improvements, Vehicles, Furniture and Equipment, and Library Collection (see Table). This amount represents a net increase (including additions and deductions) of \$170,278.

This year's major additions included:

- \$243,466 in Building Improvements
- \$23,757 in Furniture and Equipment
- \$105,635 in Library Collection.

	2021	2020
Land	\$ 175,000	\$ 175,000
Buildings and Improvements	720,417	476,951
Vehicles	157,050	157,050
Furniture and Equipment	747,771	724,014
Library Collection	3,464,270	3,358,635
Totals	\$5,264,508	\$4,891,650
Less Accumulated Depreciation	(4,291,232)	(4,088,652)
Net Capital Assets	973,276	802,998

The West Baton Rouge Parish Library has no outstanding bonds or notes at year-end 2020 and had no outstanding bonds or notes at year-end 2021.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

The original budget was not amended; at year's end, ad valorem revenue was \$2,081,080, above the amount budgeted. Total revenues were \$2,160,219. Expenses totaled \$1,876,656, below the amount budgeted.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The West Baton Rouge Parish Library's Board and administration considered the following factors and indicators when setting next year's budget, rates, and fees:

- The amount of ad valorem projected for Library revenue is provided by the Parish Assessor and accountant which accounts for most of the funding for the budget year.
- Personnel costs are projected, both salaries and benefits.
- Library materials, technology, and services are evaluated and the costs for adding/discontinuing/adjusting any services are considered.

- Based on the current year's operating expenditures and trending costs, expenses are then projected for the next year's budget.

The West Baton Rouge Parish Library expects that next year's results will be impacted based on the following:

- The Library continues to conservatively manage the funding received while striving to provide excellent services for the public's investment in the Library.
- Interest rates have begun to increase, but may not continue to do so. Fluctuations should be accounted for in budgeting plans.
- Healthcare costs was lowered by a change in insurance providers. Possible increases should be anticipated in budget planning.
- Personnel changes will affect the budget for personnel costs.
- The Library plans to add additional points of service. While the 2022 budget plans for this, costs should be monitored and adjusted.

CONTACTING THE WEST BATON ROUGE PARISH LIBRARY'S MANAGEMENT

The purpose of the annual financial report is to give West Baton Rouge Parish citizens a general overview of the West Baton Rouge Parish Library's finances; to prove the Library's accountability for the funding it receives from taxpayers. Questions about this report or for more financial information, contact the Library Director at the West Baton Rouge Parish Library, Ph 225-342-7920.

BASIC FINANCIAL STATEMENTS

EXHIBIT A

**WEST BATON ROUGE PARISH LIBRARY
STATEMENT OF NET POSITION
DECEMBER 31, 2021**

	Governmental Activities
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 3,707,000
Taxes receivable	2,267,592
Due from other governmental units	55,236
Wage credit receivable	5,577
Prepaid expenses	39,266
Other asset	5,241
Total Current Assets	<u>6,079,912</u>
Non-current Assets:	
Restricted cash	188,309
Restricted investments	1,094,174
Capital assets, net of accumulated depreciation	973,277
Net Pension asset	182,825
Total Non-current Assets	<u>2,438,585</u>
TOTAL ASSETS	<u><u>\$ 8,518,497</u></u>
DEFERRED OUTFLOW OF RESOURCES	
OPEB	\$ 468,113
Pension related	194,211
TOTAL DEFERRED OUTFLOWS	<u><u>662,324</u></u>
LIABILITIES	
Current Liabilities:	
Accounts payable	30,569
Compensated absences	40,750
Due to other government unit	79,297
Total Current Liabilities	<u>150,616</u>
Non-current Liabilities:	
Other post employment benefits	862,446
Total Non-current Liabilities	<u>862,446</u>
TOTAL LIABILITIES	<u><u>1,013,062</u></u>
DEFERRED INFLOWS	
Pension related	382,551
OPEB	358,376
Deferred Ad Valorem taxes	2,384,278
Deferred State Revenue Sharing	55,236
TOTAL DEFERRED INFLOWS	<u><u>3,180,441</u></u>
NET POSITION	
Net invested in capital assets	973,277
Restricted for Memorial fund	1,282,483
Unrestricted	2,731,558
TOTAL NET POSITION	<u><u>\$ 4,987,318</u></u>

The accompanying notes are an integral part of this statement.

EXHIBIT B

WEST BATON ROUGE PARISH LIBRARY
STATEMENT OF ACTIVITIES
DECEMBER 31, 2021

		Program Revenues		
			Operating	Net (Expenses)
	Expenses	Charges for	Grants and	Revenues
		Services	Contributions	Activities
Governmental Activities:				
Culture and Recreation				
Support Services				
Library	\$ 1,670,600	\$ -	\$ -	\$ (1,670,600)
Total Governmental Activities	<u>1,670,600</u>	<u>-</u>	<u>-</u>	<u>(1,670,600)</u>

General Revenues:

Ad valorem taxes	2,081,080
State revenue sharing	53,595
Investment earnings	18,445
Other general revenues	<u>15,865</u>
Total General Revenues	<u>2,168,985</u>
Change in Net Position	\$ 498,385
Net Position at the Beginning of Year	<u>4,488,933</u>
Net Position at End of Year	<u>\$ 4,987,318</u>

The accompanying notes are an integral part of this statement.

EXHIBIT C

**WEST BATON ROUGE PARISH LIBRARY
BALANCE SHEET
GOVERNMENTAL FUND - GENERAL FUND
DECEMBER 31, 2021**

	General Fund
ASSETS	
Cash and cash equivalents	\$ 3,707,000
Prepaid expenses	39,266
Receivables:	
Taxes receivable	2,267,592
Due from other governmental units	55,236
Wage credit receivables	5,577
Restricted cash	188,309
Restricted investments	1,094,174
Other asset	5,241
TOTAL ASSETS	\$ 7,362,395
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	
Liabilities:	
Accounts payable	30,569
Compensated absences payable	40,750
Due to other government unit	79,297
Total Liabilities	150,616
Deferred Inflows	
Deferred Ad Valorem taxes	2,384,278
Deferred state revenue sharing	55,236
Total Deferred Inflows	2,439,514
Fund Balance:	
Nonspendable - prepaids	39,266
Restricted	1,282,483
Unassigned	3,450,516
Total Fund Balances - Governmental Fund	4,772,265
Reconciliation of fund balance to net position:	
Amounts reported for governmental activities in the statement of net position are different because:	
Deferred outflow	194,211
Deferred outflow- OPEB	468,113
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.	973,277
Other post-employment benefit obligations are not due and payable in the current period, and therefore, are not reported in these funds.	
Net pension asset	182,825
Other post-employment benefits	(862,446)
Deferred inflow- OPEB	(358,376)
Deferred inflow - pension related	(382,551)
Net position of governmental activities	\$ 4,987,318

The accompanying notes are an integral part of this statement.

EXHIBIT D

**WEST BATON ROUGE PARISH LIBRARY
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021**

REVENUES

Ad valorem taxes	\$ 2,081,080
Intergovernmental revenues:	
State revenue sharing (net)	53,595
State and local grants	-
Interest income	18,445
Miscellaneous	7,099
TOTAL REVENUES	<u>2,160,219</u>

EXPENDITURES

General government:	
Personnel services and related benefits	1,086,877
Operating services	291,722
Materials and supplies	41,190
Travel	4,100
Other charges	612
Intergovernmental	79,297
Capital outlay	372,858
TOTAL EXPENDITURES	<u>1,876,656</u>

**EXCESS (DEFICIENCY) OF REVENUES
OVER EXPENDITURES**

283,563

FUND BALANCE AT BEGINNING OF YEAR

4,488,702

FUND BALANCE AT END OF YEAR

\$ 4,772,265

The accompanying notes are an integral part of this statement.

**WEST BATON ROUGE PARISH LIBRARY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021**

Amounts reported for governmental activities are different because:

Net change in fund balances - total governmental funds (page 12)	\$	283,563
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Revenues that are not available to pay current obligations are not reported in the fund financial statements, but they are presented as revenues in the statement of activities.

8,766

Pension expense

67,010

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital outlay		372,858
Depreciation expense		(202,580)
Net adjustment		170,278

Some expenses reported in the Statement of Activities do not require the use of the current financial resources and therefore are not reported as expenditures in governmental funds.

(31,232)

Change in net position of governmental activities (page 10)

\$ 498,385

**WEST BATON ROUGE PARISH LIBRARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The West Baton Rouge Parish Library (the Library) was created by the West Baton Rouge Parish Council, as provided by Louisiana Revised Statute 25:211. The Library is governed by the West Baton Rouge Parish Council's governing body.

The function and objective of the Library is to provide the citizens of the parish and the adjoining parishes, through reciprocal agreements, access to library books, materials, magazines, records, videos, and other services for education, information, and recreation.

The responsibility of the Library is vested in the Board of Control by the West Baton Rouge Parish Council. The Board of Control consists of eight members. Pursuant to the Library Law of Louisiana (Act 36 of 1926), no per diem shall be paid to board members for attendance at board meetings.

The Library is located in the city of Port Allen, adjacent to the Parish Court House and Parish Council.

The latest estimated census information estimates the West Baton Rouge Parish population to be 25,085. The Library's 82,720 circulation serves approximately 100,000 people annually with over 15,980 registrations. The Library employs approximately 13 full time and 6 part-time and 2 student workers.

The accompanying basic financial statement of the Library have been prepared in conformity with generally accepted accounting principles (GAAP) generally accepted in the United States of America as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

The accounting and reporting policies of the Library conform to generally accepted accounting principles as applicable to governments.

The following is a summary of the certain significant accounting policies:

Financial Reporting Entity

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Library is considered a component unit of West Baton Rouge Parish Council. The Library does not possess all of the corporate powers necessary to make it a legally separate entity from the West Baton Rouge Parish council, which holds the Library's corporate powers. For this reason, the Library is a component unit of the West Baton Rouge Parish Council, the financial reporting entity.

WEST BATON ROUGE PARISH LIBRARY NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

As a component unit, the accompanying financial statements are included within the reporting of the primary government, either blended into those financial statements or separately reported as discrete component units.

The accompanying financial statements present information only on the 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 financial reporting entity.

Basis of Presentation

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Library as a whole. These statements include all the financial activities of the Library. The Library has no business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each of the functions of the Library's governmental activities. Direct expenses are those that are specifically associated with a program or function, and therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of services offered by the Library, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The accounts of the Library are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The general fund of the Library is classified as governmental. The emphasis on fund financial statements is on major governmental funds. A fund is considered major if it is the primary operating fund of the Library or meets the following criteria:

- 1) Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least ten percent of the corresponding total for all funds of that category or type; and
- 2) Total assets, liabilities, revenues, or expenditure/expenses of the individual governmental or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.

**WEST BATON ROUGE PARISH LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Funds

General Fund

The General Fund, as provided by Louisiana Revised Statute 13:621.18 and 13:996.58, is the Library's primary operating fund and it accounts for all financial resources of the Library, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to the Library's policy. This fund is considered to be a major fund.

Basis of Accounting/Measurement Focus

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus –

In the government-wide statement of net position and the statement of activities, governmental activities are presented using the economic resources management. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or costs recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported.

In the fund financial statements, the current financial resources measurement focus is used. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting –

In the government-wide statement of net position and statement of activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, "Accounting and Financial Reporting for Non-Exchange Transactions."

WEST BATON ROUGE PARISH LIBRARY NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within 60 days of the end of the fiscal year. Court costs and fees, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Substantially all other revenues are recorded when received.

Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when the obligations are expected to be liquidated with expendable available financial resources.

Budget and Budgetary Accounting

The Library follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1) The budgetary calendar – The Library's management prepares the budget in the third quarter of each year and submits it to the Board of Control for adoption. Once adopted by the Board of Control, the budget is sent to the West Baton Rouge Parish Council who then conducts a public hearing on the budget which must be adopted by December 15. At year end, a public notice affording the public the opportunity to participate in the budget process is published in the December issue of the West Side Journal, the official journal of the parish.
- 2) All budgetary appropriations (unexpected budget balances) lapse at the end of each fiscal year.
- 3) There are no outstanding encumbrances.
- 4) The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts included in the accompanying financial statements are as originally adopted or as finally amended by the Library. Such amendments were not material in relation to the original appropriations.
- 5) The Board of Control will, from time to time, make changes or amendments within the various budget classifications.

Receivables and Payables

Receivables consist of all revenues earned at year end and not yet received. Payables consist of all expenses/expenditures incurred at year end and not yet paid.

**WEST BATON ROUGE PARISH LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Interest-Bearing Deposits

Cash and interest-bearing deposits are stated at cost, which approximates market. Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Library's investment policy allow the entity to invest in collateralized certificates of deposits, government-backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities.

Investments

Under State law, the Library may invest in United States bonds, treasury notes or certificates, time certificates of deposit of State banks having their principal office in the State of Louisiana, or any other federally insured investment. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and For External Investment Pools," investments meeting the criteria specified in the Statements are stated at fair value. Investments that do not meet the requirements are stated at cost. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool (LAMP), a non-profit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

Capital Assets

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated cost if historical cost is not available. Contributed assets are recorded as capital assets at their estimated fair market value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Building Improvements	5-10 years
Furniture and Fixtures	5-10 years
Vehicles	5-10 years
Library Collection	5 years

**WEST BATON ROUGE PARISH LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if *both* of the following conditions are met:

- 1) The employees' rights to receive compensation are attributable to services already rendered.
- 2) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

The current portion of the liability for compensated absences is reported in the fund financial statements. The current portion is the amount left unpaid at the end of the reporting period that normally would be liquidated with expendable available financial resources. The remainder of the liability is adjusted into the entity-wide column of Statements of Net Position and Activities.

Equity Classifications

In the government-wide statements, equity is classified as net position and displayed in three components:

- 1) Net invested in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- 2) Restricted net position – Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or law through constitutional provisions or enabling legislation.
- 3) Unrestricted net position – All other net position that does not meet the definition of "restricted" or "net invested in capital assets."

In the fund statements, governmental fund equity is classified as fund balance as is classified in these components:

- 1) Non-spendable – Included amounts that cannot be spent because they are either not spendable in form or legally or contractually required to be maintained intact. All amounts reported as non-spendable at December 31, 2021 by the Library are non-spendable in form. The Library has not reported any amounts that are legally or contractually required to be maintained intact.

**WEST BATON ROUGE PARISH LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 2) Restricted – Includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provisions or enabling legislation.
- 3) Committed – Includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to directive of the Library who has the highest level of decision-making authority. Commitments may be modified or rescinded only through actions of the Library.
- 4) Assigned – Includes amounts that the Library intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. The Library may assign amounts to this classification.
- 5) Unassigned – Includes amount that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the General Fund. The Library reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Library considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Library considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Library has provided otherwise in its commitment or assignment actions.

Prepaid Items

Insurance payments made to insurance agencies that will benefit periods beyond December 31, 2021 are recorded as prepaid items.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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 and so will not be recognized as an expense or expenditure until then. In addition to liabilities, the statement of financial 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 future periods and so will not be recognized as revenue until then. The governmental funds report unavailable revenue from property taxes and state revenue sharing. These amounts are deferred and recognized as an inflow of resources in the period that amounts become available.

**WEST BATON ROUGE PARISH LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles of the United States of America required management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Pension Plans

The West Baton Rouge Parish Library is a participating employer in a cost-sharing, multiple defined benefit pension plan as described in Note K. For purposes of measuring the pension liability, deferred outflows of resources and 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 the plan's net fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments have been reported at fair value within the plan.

NOTE B – LEVIED TAXES

The following is a summary of authorized and levied property taxes:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Parishwide taxes:			
Library	4.10	4.10	2021

The gross assessed value for the tax year 2021, on the certified roll was \$633,014,020. After applying homestead exemptions and other reductions of \$51,482,858, the net assessed value upon which the Library's property tax was computed was \$581,531,162.

Property taxes are considered delinquent if not paid by December 31. Most of the property taxes are collected during the months of December, January, and February. The West Baton Rouge Parish Sheriff acts as the collecting agent for the Parish's property taxes. The Sheriff will have a "tax sale" each year to collect as much of the taxes due as possible. The tax sale date for West Baton Rouge Parish for the 2021 tax assessment will be in May 2022 and the lien date was December 31, 2021.

Property taxes are recorded as receivable and deferred inflows at the time the tax levy is billed (November of each year). As the Sheriff collects the taxes, he forwards them to the Library where they are recorded as revenues in accordance with the modified accrual basis of accounting.

**WEST BATON ROUGE PARISH LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE B – LEVIED TAXES (CONTINUED)

The following are the principal taxpayers and related ad valorem tax revenue for the Library:

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
The Dow Chemical Co.	Chemical	97,143,200	15.30%
ExxonMobil Production Co.	Oil Storage	56,429,640	8.90%
Criterion Catalysts	Chemical	44,824,410	7.10%
Total		<u>198,397,250</u>	<u>31.30%</u>

NOTE C – CASH AND CASH EQUIVALENTS AND INVESTMENTS

Under state law, the Library may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Library may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2021, the Library had cash and interest-bearing deposits (book balances) totaling \$3,707,000 as unrestricted and \$1,282,483 as restricted as follows for a grand total of \$4,989,483:

	<u>Unrestricted</u>	<u>Restricted</u>
Cash and Cash Equivalents:		
Demand deposits	\$ 621,078	\$ -
LAMP	3,073,918	-
Money market	11,804	-
Petty Cash	200	-
Investments:		
LAMP	-	188,309
Certificates of deposit	-	1,094,174
Totals	<u>\$ 3,707,000</u>	<u>\$ 1,282,483</u>

Custodial Credit Risk Relating to Deposits

Custodial credit risk is the risk that, in the event of bank failure, the Library deposits might not be recovered. The Library does not have a policy for custodial credit risk, however, under state law, these deposits, (or resulting bank balances) must be secured by federal deposit insurance or pledge of securities owned by the fiscal agent bank.

The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

As of December 31, 2021, \$2,669,175 of the Library's bank balances were secured through the Federal Deposit Insurance Corporation or other government-backed securities.

**WEST BATON ROUGE PARISH LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE C – CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

The Library can invest in direct debt securities of the United States unless such an investment is expressly prohibited by law. The Library's investments are categorized to give an indication of the level or risk assumed by it at year end. Category 1 includes investments that are insured or registered for which the securities are held by the Library or its agent in the Library's name. Category 2 includes uninsured and unregistered investments with securities held by the counterparty's trust department or agent in the Library's name. Category 3 includes uninsured and unregistered investments with securities held by the counterparty, or by its trust department or agent, but not in the Library's name.

Restricted Cash and Investments of the West Baton Rouge Parish Library consists of LAMP cash (\$188,309) and certificates of deposit (\$1,094,174). These securities are stated at their fair value as required by GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*. The Library used quoted market values to determine fair value of the investments.

Internal Rate Risk – The West Baton Rouge Parish Library has no formal investment policy, but has adopted the state investment policy at LA RS 49:327. The Library invests in investments with maturities limited to five-year as means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk – Deposits – In the case of deposits, this is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. The Library invests in certificates of deposits that are backed by FDIC and pledged securities, and United States government securities. The Library has adopted the state investment policy at LA 49:327 and does not have any other policy that would further limit the investment choices. As of December 31, 2021, 100% of the Library's investment balances were exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's name.

Concentration of Credit Risk – The Library has no limits on the amount they may invest in any one issuer.

At December 31, 2021, the Library held certificates of deposit (Category 1), with an original maturity greater than 90 days, totaling \$1,094,174. These investments are stated on the balance sheet at market value and are as follows:

Descriptions	Cost	Fair Value	Maturity Date	Interest Rate
Certificates of Deposit	\$ 270,228	\$ 270,228	4/28/2022	0.50%
Certificates of Deposit	\$ 282,513	\$ 282,513	4/28/2022	3.01%
Certificates of Deposit	\$ 267,167	\$ 267,167	5/5/2022	0.50%
Certificates of Deposit	\$ 274,266	\$ 274,266	4/22/2022	0.20%
Total	<u>\$ 1,094,174</u>	<u>\$ 1,094,174</u>		

**WEST BATON ROUGE PARISH LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE C – CASH AND CASH EQUIVALENTS (CONTINUED)

At December 31, 2021, the Library had \$3,262,227 deposited at LAMP. Of this amount \$188,309 was restricted and \$3,073,918 was unrestricted.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA. R.S. 33:2955.

GASB Statement No. 40 Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, concentration of credit risk, interest risk, and foreign currency risk for all public entity investments.

LAMP is a 2a7-like pool. The following facts are relevant for 2a7-like investment pools:

Credit risk: LAMP is rate AAAM by Standard & Poor's.

Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.

Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments is (number-days) (from LAMP's monthly Statement of Net Position) as of 12/31/21.

Foreign currency risk: Not applicable to 2a7-like pools.

The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

**WEST BATON ROUGE PARISH LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE D – FAIR VALUE MEASUREMENTS

The following table sets forth by level within fair value hierarchy the Library's assets at estimated fair value as of December 31, 2021:

	<u>Level 1</u>
Certificates of deposit	<u>\$1,094,174</u>
Total	<u>\$1,094,174</u>

The Library did not have level 2 or level 3 assets at December 31, 2021.

NOTE E – RECEIVABLES

Receivables are written-off under the direct write-off method whereby bad debts are recorded when a receivable is deemed uncollectible. If they are subsequently collected, they are recorded as miscellaneous income. The direct charge off method is not a material departure from GAAP as it approximates the valuation method. At December 31, 2021, the receivables from ad valorem taxes is \$2,267,592 and from other governmental units is \$55,236 for a total of \$2,322,828.

NOTE F – CAPITAL ASSETS

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

	<u>Balance 1/1/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2021</u>
Governmental Activities:				
Land	\$ 175,000	\$ -	\$ -	\$ 175,000
Building Improvements	476,951	243,466	-	720,417
Vehicles	157,050	-	-	157,050
Furniture and Equipment	724,014	23,757	-	747,771
Library Collection	3,358,635	105,635	-	3,464,270
Total Fixed Assets	4,891,650	372,858	-	5,264,508
Less: Accumulated Depreciation	(4,088,652)	(202,580)	-	(4,291,232)
Net Capital Assets	<u>\$ 802,998</u>	<u>\$ 170,278</u>	<u>\$ -</u>	<u>\$ 973,276</u>

NOTE G – DEFERRED COMPENSATION PLAN

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

**WEST BATON ROUGE PARISH LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE H – DEFERRED INFLOWS

Deferred inflows at December 31, 2021 comprises of:

Pension related	\$ 382,551
OPEB	358,376
Deferred ad valorem taxes	2,384,278
Deferred state revenue sharing	55,236
Total	<u>\$ 3,180,441</u>

NOTE I – COMPENSATED ABSENCES

The following is a summary of the transactions for the year ended December 31, 2021:

Compensated absences, 1/1/21	\$ 38,112
Additions	2,638
Deductions	-
Compensated absences, 12/31/21	<u>\$ 40,750</u>

The following is a summary of the current (due in one year or less) and long-term portions of the obligation at December 31, 2021:

Current portion	\$ 40,750
Long-term portion	-
Total	<u>\$ 40,750</u>

NOTE J – NET POSITION/FUND EQUITY

A portion of Fund Balance on the Balance Sheet has been classified as non-spendable. This represents the prepaid expenses.

A portion of Net Position on the Statement of Net Position and Fund Balance on the Balance Sheet has been classified as restricted. This represents the Judge Paul B. Landry bequest to the Library for capital projects.

The 1977 House Bill No. 199 – enacted R.S. 25.221.1, relative to the West Baton Parish Library, prohibits the West Baton Rouge Parish Library Board of Control from spending the principal of the Judge Paul B. Landry Jr. Memorial Fund but authorized the board to spend the investment earnings of the fund to provide for related matters.

NOTE K – PENSION PLAN

Plan Description

Substantially all full-time employees of the West Baton Rouge Parish Library are provided with pensions through a cost-sharing, multiple-employer defined benefit plan administered by the Parochial Employees' Retirement System of Louisiana (System). The System was established and provided for by R.S. 11:1901 of the Louisiana Revised

**WEST BATON ROUGE PARISH LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE K – PENSION PLAN (CONTINUED)

Statute. The System provided retirement benefits 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. The System issued a stand-alone audit report on its financial statements for the year ended December 31, 2020. Access to the audit report can be found on the System's website: www.persla.org or on the Office of Louisiana Legislative Auditor's official website: www.lla.state.la.us.

Retirement Benefits:

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

For employees hired prior to January 1, 2007:

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

For employees hired after January 1, 2007:

1. Age 55 with 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 3% 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.

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 by 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 by 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:

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 Deferred Retirement Option Plan (DROP) in which they are enrolled for three years and defer the receipt of the benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would

**WEST BATON ROUGE PARISH LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE K – PENSION PLAN (CONTINUED)

be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP fund.

Upon termination of employment prior to or at 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 DROP 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.

Disability Benefits:

For Plan A, a member shall be eligible to retire and received 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 60 for those members who are enrolled prior to January 1, 2007 and to age 62 for those members who are enrolled January 1, 2007 and later.

Cost of Living Increases:

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 or 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.

**WEST BATON ROUGE PARISH LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE K – PENSION PLAN (CONTINUED)

Employer Contributions:

According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2020, actuarially determined rate was 11.11% of member's compensation for Plan A. However, the actual rate for the fiscal year ending December 31, 2020 was 12.25% for Plan A.

According to state statute, the System also received $\frac{1}{4}$ 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.

Under the Plan A, members are required by state statute to contribute 9.5% (depending on date of hire) of their annual covered salary and the West Baton Rouge Parish Library is required to contribute at an actuarially determined rate. The rate for January 1, 2021 through December 31, 2021 was 12.25% of annual covered payroll. The contribution requirements of plan members and the Library are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to changes each year based on the results of the valuation for the prior year. The West Baton Rouge Parish Library's contributions to the System under Plan A for the years ended December 31, 2021, 2020, 2019, and 2018, were \$87,314, \$84,809, \$77,843, and \$75,294, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows and Resources and Deferred Inflows of Resources:

At December 31, 2021 the West Baton Rouge Parish Library reported an asset of \$(182,825) for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation of that date. The West Baton Rouge Parish Library's proportion of the net pension liability was based on a projection of the Library's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2020 the Library's proportion was 0.104268%, which was a decrease of 0.001787% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2020, the West Baton Rouge Parish Library recognized pension expense of \$20,304 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$47.

**WEST BATON ROUGE PARISH LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE K – PENSION PLAN (CONTINUED)

At December 31, 2021, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (21,821)
Changes of assumptions	59,815	-
Net difference between projected and actual earnings on pension plan investments	44,512	(356,821)
Changes in proportion and differences between Employer contributions and proportionate share of contributions	2,570	(3,909)
Employer contributions subsequent to the measurement date	87,314	-
Total	<u>\$ 194,211</u>	<u>\$ (382,551)</u>

The Library reported a total of \$87,314 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of December 31, 2020, which will be recognized as a reduction in net pension liability for the year ended December 31, 2021.

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

<u>Year</u>	
2022	\$ (75,899)
2023	(27,136)
2024	(114,325)
2025	(58,294)
	<u>\$ (275,654)</u>

**WEST BATON ROUGE PARISH LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE K – PENSION PLAN (CONTINUED)

Actuarial Assumptions:

A summary of actuarial methods and assumptions used in determining the total net pension liability as of December 31, 2020, is as follows:

Valuation Date	December 31, 2020
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining	
Service Lives	4 years
Investment Rate of Return	6.40%, net of investment expense, including inflation
Projected Salary Increases	4.75%
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 increase not yet authorized by the Board of Trustees.
Mortality	Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females using MP2018 scale for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females using MP2018 scale. Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale for disabled annuitants.
Inflation Rate	2.30%

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the capital asset pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward-looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.00% for the year ended December 31, 2020.

**WEST BATON ROUGE PARISH LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE K – PENSION PLAN (CONTINUED)

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2020 are summarized in the following table:

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

Mortality Rate:

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 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 scales. 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.

Discount Rate:

The discount rate used to measure the total pension liability was 6.40% for Plan A. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement 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.