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Financial Report

St. Bernard Parish Library

Chalmette, Louisiana

December 31, 1999

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 JUL 26 2000

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December 31, 1999

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FINANCIAL SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Control,
St. Bernard Parish Library,
Chalmette, Louisiana.

We have audited the accompanying general purpose financial statements of the St. Bernard Parish Library, a component unit of the St. Bernard Parish Government, State of Louisiana, as of and for the year ended December 31, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the St. Bernard Parish Library's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statement referred to above presents fairly, in all material respects, the financial position of the St. Bernard Parish Library as of December 31, 1999, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated May 31, 2000, on our consideration of the St. Bernard Parish Library's internal control over financial reporting and our testes of its compliance with certain provisions of laws, regulations, contacts and grants.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, La.,
May 31, 2000.

COMBINED BALANCE SHEET -
GOVERNMENTAL FUND TYPE AND ACCOUNT GROUP

St. Bernard Parish Library

December 31, 1999

| | <u>Governmental Fund Type General Fund</u> | <u>Account Group General Fixed Assets</u> | <u>Total (Memorandum Only)</u> |
|---|--|---|--|
| Assets | | | |
| Cash and cash equivalents | \$ 1,433,418 | \$ - | \$ 1,433,418 |
| Louisiana Asset Management Pool | 811,685 | - | 811,685 |
| Receivables: | | | |
| Ad valorem taxes | 666,880 | - | 666,880 |
| Revenue sharing | 55,398 | - | 55,398 |
| Land | - | 5,000 | 5,000 |
| Building | - | 262,910 | 262,910 |
| Equipment | - | 336,918 | 336,918 |
| Library books, periodicals, audio visuals and prints | - | 1,189,231 | 1,189,231 |
| | <u>\$ 2,967,381</u> | <u>\$ 1,794,059</u> | <u>\$ 4,761,440</u> |
| Liabilities | | | |
| Accounts payable | \$ 23 | \$ - | \$ 23 |
| Due to St. Bernard Parish Government | 9,318 | - | 9,318 |
| | <u>9,341</u> | <u>-</u> | <u>9,341</u> |
| Equity and Other Credits | | | |
| Investment in general fixed assets | - | 1,794,059 | 1,794,059 |
| Fund balances: | | | |
| Designated for development | 1,000,000 | - | 1,000,000 |
| Unreserved and undesignated | 1,958,040 | - | 1,958,040 |
| | <u>2,958,040</u> | <u>1,794,059</u> | <u>4,752,099</u> |
| Total equity and other credits | <u>2,958,040</u> | <u>1,794,059</u> | <u>4,752,099</u> |
| Total liabilities, equity and other credits | <u>\$ 2,967,381</u> | <u>\$ 1,794,059</u> | <u>\$ 4,761,440</u> |

See notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND TYPE - GENERAL FUND**

St. Bernard Parish Library

For the year ended December 31, 1999

Revenues

| | |
|---|------------|
| Taxes - ad valorem | \$ 735,973 |
| Intergovernmental: | |
| State of Louisiana: | |
| State revenue sharing | 83,097 |
| Louisiana State Library | 23,087 |
| Fees, charges and commissions for service | 11,065 |
| Fines and forfeitures | 19,575 |
| Interest income | 110,568 |
| Grants | 10,022 |
| Other revenues | 4,594 |
| | 997,981 |

Expenditures

| | |
|-------------------------|---------|
| Cultural and recreation | 376,397 |
| Capital outlay | 105,528 |
| | 481,925 |

Excess of Revenues Over Expenditures

516,056

Fund Balance

| | |
|-------------------|--------------|
| Beginning of year | 2,441,984 |
| End of year | \$ 2,958,040 |

See notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL -
GOVERNMENTAL FUND TYPE - GENERAL FUND**

St. Bernard Parish Library

For the year ended December 31, 1999

| | Budget | Actual GAAP Basis | Adjustment Budget Basis | Actual Budget Basis | Variance Favorable (Unfavorable) |
|---|----------------|-------------------------|-------------------------------|---------------------------|--|
| Revenues | | | | | |
| Taxes - ad valorem | \$ 650,000 | \$ 735,973 | \$ (33,316) | \$ 702,657 | \$ 52,657 |
| Intergovernmental: | | | | | |
| State of Louisiana: | | | | | |
| State revenue sharing | 75,695 | 83,097 | (6) | 83,091 | 7,396 |
| Louisiana State Library | - | 23,087 | - | 23,087 | 23,087 |
| Fees, charges and commissions for service | 9,000 | 11,065 | - | 11,065 | 2,065 |
| Fines and forfeitures | 15,000 | 19,575 | - | 19,575 | 4,575 |
| Interest income | 82,000 | 110,568 | - | 110,568 | 28,568 |
| Grants | - | 10,022 | (10,022) | - | - |
| Other revenues | 1,250 | 4,594 | - | 4,594 | 3,344 |
| Total revenues | <u>832,945</u> | <u>997,981</u> | <u>(43,344)</u> | <u>954,637</u> | <u>121,692</u> |
| Expenditures | | | | | |
| Cultural and recreation | 560,945 | 376,397 | 4,688 | 381,085 | 179,860 |
| Capital outlay | 272,000 | 105,528 | - | 105,528 | 166,472 |
| Total expenditures | <u>832,945</u> | <u>481,925</u> | <u>4,688</u> | <u>486,613</u> | <u>346,332</u> |
| Excess of Revenues Over Expenditures | <u>\$ -</u> | 516,056 | <u>\$ (48,032)</u> | <u>\$ 468,024</u> | <u>\$ 468,024</u> |
| Fund Balance | | | | | |
| Beginning of year | | <u>2,441,984</u> | | | |
| End of year | | <u>\$ 2,958,040</u> | | | |

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

St. Bernard Parish Library

December 31, 1999

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The St. Bernard Parish Library (the Library) was established by the parish governing authority, under the provisions of Louisiana Revised Statute 25:211. The Library provides citizens of the parish access to library materials, books, magazines, and audio visuals. The Library is governed by a Board of Control consisting of seven members in accordance with the provisions of Louisiana Revised Statute 25:214. The members of the Board of Control serve without pay. The main library is located in Chalmette and a branch is located in St. Bernard Village.

The accounting policies of the Library conform to generally accepted accounting principles (GAAP) applied to governmental units. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies.

a) Reporting Entity

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining the governmental reporting entity and which component units should be considered part of the reporting entity. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the parish government to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the parish government.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Reporting Entity (Continued)

2. Organizations for which the parish government does not appoint a voting majority but which are fiscally dependent on the parish government.
3. Organizations for which the reporting entity's general purpose financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the parish government appoints the governing board, the Library was determined to be a component unit of the St. Bernard Parish Government, the governing body of the parish and the governmental body with oversight responsibility. The accompanying general purpose financial statements present information only on the funds maintained by the Library and do not present information on the parish government, the general government services provided by that government unit, or the other governmental units that comprise the governmental reporting entity.

Annually, the St. Bernard Parish Government issues audited general purpose financial statements which include the activity contained in the accompanying general purpose financial statements.

b) 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 comprises its assets, liabilities, equity and other credits, revenues, and expenditures.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the general purpose financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The records of the Library are maintained on a cash basis of accounting. However, the Funds reported in the accompanying general purpose financial statements have been converted to a modified accrual basis of accounting utilizing the following practices:

1) Revenues

Ad valorem taxes and the related state revenue sharing (which is based on population and homesteads in the parish) are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year and become delinquent on December 31. The taxes are generally collected in December of the current year and January through March of the ensuing year.

Grants are recorded when the Library is entitled to the funds.

Interest income on time deposits is recorded monthly when the interest is posted to the Library's checking account.

Substantially all other revenues are recorded when received.

2) Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for accumulated vacation leave which is not accrued.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Accounts Receivable

The general purpose financial statements of the St. Bernard Parish 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.

e) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

f) Fixed Assets

The fixed assets used in the governmental fund type operations of the Library are accounted for in the General Fixed Asset Account Group rather than in the General Fund. Land, building, and equipment are stated at historical cost or estimated historical cost if historical cost is not available. Library books, microfilm periodicals, audio visuals and cassettes are valued significantly by using a moving average method. New purchases are stated at cost and donations and deletions are valued at a new average cost after considering new purchases. No depreciation has been provided for general fixed assets. The account group is not a "fund." It is concerned only with the measurement of financial position and is not involved with measurement of results of operations.

g) Vacation and Sick Leave

All full-time employees of the Library earn vacation leave at varying rates depending on years of service and earn sick leave at the rate of one day per month. Vacation and sick leave can be accumulated without limitation. Upon termination or retirement unused vacation leave of up to 20 days is paid to employees at their current rate of pay. All unused vacation leave in excess of 20 days and all unused

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Vacation and Sick Leave (Continued)

sick leave is used in the retirement benefit computation as earned service. At December 31, 1999, the Library employees had accumulated and vested \$19,477 of employee leave benefits. This amount is insignificant and not reflected in the general purpose financial statements.

h) Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments are recorded in the fund general ledger, is not utilized by the Library.

i) Operating Budgetary Reporting

The statement of revenues, expenditures, and changes in fund balance budget and actual were prepared under control of the Library Board of Control for the year ended December 31, 1999.

The statement of revenues, expenditures, and changes in fund balance budget and actual for the General Fund presents comparisons of legally adopted budgets with actual data on a budgetary basis (cash basis). Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present general purpose financial statements in conformity with generally accepted accounting principles, a reconciliation of resulting timing differences in excess of revenues over expenditures for the year ended December 31, 1999, is presented in Exhibit C.

j) Cash and Cash Equivalents

Cash and cash equivalents include operating cash and an interest bearing (5.64% at December 31, 1999) money market account with a balance of \$1,000,000 at December 31, 1999.

k) Fund Equity

A designated fund balance represents tentative plans for future use of financial resources.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1) Memorandum Only - Total Column

The total column on the balance sheet overview is captioned Memorandum Only to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

Note 2 - DEPOSITS AND INVESTMENTS

Bank Deposits:

State law requires deposits (cash and money market accounts) of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana, and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or with a trust company for the account of the political subdivision. In accordance with state law all cash was collateralized.

Deposits are categorized into three categories of credit risk.

Category 1 includes deposits covered by federal depository insurance or by collateral held by the Library or its agent in the Library's name.

Category 2 includes deposits covered by collateral held by the pledging financial institution's trust department or its agent in the Library's name.

Category 3 includes deposits covered by collateral held by the pledging financial institution or its trust department or agents but not in the Library's name and deposits which are uninsured or uncollateralized.

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

Bank Deposits: (Continued)

The year ended bank balances of deposits and the carrying amounts as shown on the combined balance sheet are as follows:

| | <u>Bank Balances Risk Category</u> | | | <u>Book Balances</u> |
|-------------------------|------------------------------------|-------------|--------------------|--------------------------|
| | <u>1</u> | <u>2</u> | <u>3</u> | |
| Cash | \$100,000 | \$ - | \$ 350,443 | \$ 433,418 |
| Money market account | <u>100,000</u> | <u>-</u> | <u>900,000</u> | <u>1,000,000</u> |
| Totals | <u>\$200,000</u> | <u>\$ -</u> | <u>\$1,250,443</u> | <u>\$1,433,418</u> |

At December 31, 1999, cash and the money market account in excess of the FDIC insurance were collateralized by securities held by unaffiliated banks for the account of the depositor. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities uncollateralized. Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Investments:

State statutes authorize the Library to invest in obligations of the U.S. Treasury, agencies, and instrumentalities; commercial paper rated AAA 1, 2, or 3; repurchase agreements; and the Louisiana Asset Management Pool (LAMP).

At year end the Library had invested \$811,685 in LAMP. LAMP investments are restricted to securities issued, guaranteed, or otherwise backed by the U.S. Treasury, the U.S. Government or one of its agencies, enterprise, or instrumentalities, as well as repurchase agreements collateralized by those securities.

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

Investments: (Continued)

Investments in the LAMP are not categorized as to credit risk as required by GASB because they are not evidenced by securities that exist in physical or book entry form.

Note 3 - PROPERTY TAXES

Property taxes 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. Bernard Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 1996. Taxes are due and payable November 15 of each year and become delinquent December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which taxes have not been paid are sold. The tax rate for the year ended December 31, 1999 was \$3.94 per \$1,000 of assessed valuation on property parish wide.

Note 4 - CHANGES IN FIXED ASSETS

A summary of changes in fixed assets follows:

| | Balance January 1, 1999 | Additions | Deletions | Balance December 31, 1999 |
|--|-------------------------------|-----------------|-----------------|---------------------------------|
| Land | \$ 5,000 | \$ - | \$ - | \$ 5,000 |
| Building | 262,910 | - | - | 262,910 |
| Equipment | 390,650 | 15,230 | 68,962 | 336,918 |
| Library books, periodicals, audio visuals and prints | <u>1,110,760</u> | <u>84,717</u> | <u>6,246</u> | <u>1,189,231</u> |
| Totals | <u>\$1,769,320</u> | <u>\$99,947</u> | <u>\$75,208</u> | <u>\$1,794,059</u> |

Note 5 - DEFINED BENEFIT PENSION PLAN

Plan Description - The Library contributes to Plan A of the Parochial Employees' Retirement System Pension Plan (PERS), a cost-sharing multiple-employer defined benefit pension plan administered by the Parochial Employees' Retirement System of Louisiana. PERS provides retirement, disability benefits, and death benefits to plan members and beneficiaries. PERS is governed by Louisiana Revised Statutes, Title 11, Section 1901 through 2015, specifically, and other general laws of the State of Louisiana. The PERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Parochial Employees' Retirement System, P.O. Box 14619, Baton Rouge, Louisiana, USA 70898-4619.

Funding Policy - Plan members are required to contribute 9.5% of their annual-covered salary and the Library is required to contribute at an actuarially determined rate. The current rate is 7.75% of annual-covered payroll. The contribution requirements of plan members and the Library are established and may be amended by the PERS Board of Trustees. The Library's contributions to PERS for the years ending December 31, 1999, 1998, and 1997 were \$14,316, \$12,747 and \$11,324, respectively, equal to the required contributions for each year.

Note 6 - COMPENSATION OF BOARD MEMBERS

No compensation was paid to Board Members for the year ended December 31, 1999.

Note 7 - RISK MANAGEMENT

The Library is exposed to various risks of loss related to general liability, auto liability, workers' compensation, unemployment compensation, property, and group health benefits. The Library participates in St. Bernard Parish Government's (oversight entity) risk management internal service funds for general liability and workers compensation. The Library's premiums for general liability are based on various factors such as operations and maintenance budget, exposure and claims experience. The premiums for workers compensation are based on a fixed percentage of payroll. St. Bernard Parish Government handles all claims filed against the Library. The Library does not have any additional exposure unless the claims exceed the Parish's insurance contracts. The Library carries commercial insurance for exposure to other risks of loss. No settlements were made during the year that exceeded the Library's insurance coverage.

SPECIAL REPORT OF CERTIFIED PUBLIC ACCOUNTANTS



Bourgeois Bennett

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

To the Board of Control,
St. Bernard Parish Library,
Chalmette, Louisiana.

We have audited the general purpose financial statements of the St. Bernard Parish Library, as of and for the year ended December 31, 1999, and have issued our report thereon, dated May 31, 2000. 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 St. Bernard Parish Library general purpose 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 is required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered St. Bernard Parish Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements 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 one or more 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 consider to be material weaknesses.

This report is intended solely for the information of the Administration of the St. Bernard Parish Government, the St. Bernard Parish Council, the Board of Control, the St. Bernard Parish Library, the State of Louisiana and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, La.,
May 31, 2000.

SCHEDULE OF FINDINGS

St. Bernard Parish Library

For the year ended December 31, 1999

Section I - Summary of Auditor's Report

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes X no
- Reportable condition(s) identified that are not
 considered to be material weakness ___ yes X none reported

Noncompliance material to financial statements noted? ___ yes X no

b) Federal Awards

The St. Bernard Parish Library did not received federal awards during the year ended December 31, 1999.

Section II - Financial Statement Findings

No financial statement findings were noted during the audit for the year ended December 31, 1999.

Section III - Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS

St. Bernard Parish Library

For the year ended December 31, 1999

Section I - Internal Control and Compliance Material to the General Purpose Financial Statements

Internal Control

No material weaknesses were noted during the audit for the year ended December 31, 1998.
No reportable conditions were reported during the audit for the year ended December 31, 1998.

Compliance

No compliance findings material to the general purpose financial statements were noted during the audit for the year ended December 31, 1998.

Section II - Internal Control and Compliance Material To Federal Awards

The St. Bernard Parish Library did not receive federal awards during the year ended December 31, 1998.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 1998.

MANAGEMENT'S CORRECTIVE ACTION PLAN

St. Bernard Parish Library

For the year ended December 31, 1999

Section I - Internal Control and Compliance Material to the General Purpose Financial Statements

Internal Control

No material weaknesses were noted during the audit for the year ended December 31, 1999.
No reportable conditions were reported during the audit for the year ended December 31, 1999.

Compliance

No compliance findings material to the general purpose financial statements were noted during the audit for the year ended December 31, 1999.

Section II - Internal Control and Compliance Material To Federal Awards

The St. Bernard Parish Library did not receive federal awards during the year ended December 31, 1999.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 1999.