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Financial Report

St. Bernard Parish Library

December 31, 1997

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Release Date: JUN 24 1998

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St. Bernard Parish Library

December 31, 1997

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FINANCIAL SECTION



Burgohn 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, 1997, 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, 1997, 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 April 24, 1998, on our consideration of the St. Bernard Parish Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Bourgeois Bennett, L.L.C.

Certified Public Accountants

New Orleans, La.,
April 24, 1998.

**COMBINED BALANCE SHEET -
GOVERNMENTAL FUND TYPE AND ACCOUNT GROUP**

St. Bernard Parish Library

December 31, 1997

	<u>Governmental Fund Type</u>	<u>Account Group</u>	<u>Total</u>
	<u>General Fund</u>	<u>General Fixed Assets</u>	<u>(Miscellaneous Only)</u>
Assets			
Cash	\$ 202,292	\$ -	\$ 202,292
Certificates of deposit	1,058,000	-	1,058,000
Receivables:			
Ad valorem taxes	638,408	-	638,408
Revenue sharing	57,266	-	57,266
Federal grant	10,000	-	10,000
Other	224	-	224
Land	-	5,000	5,000
Building	-	262,910	262,910
Equipment	-	354,982	354,982
Library books, periodicals, audio visuals and prints	-	<u>1,032,059</u>	<u>1,032,059</u>
Total assets	<u>\$1,950,190</u>	<u>\$1,654,947</u>	<u>\$3,605,137</u>
Liabilities			
Accounts payable	\$ 1,990	\$ -	\$ 1,990
Due to St. Bernard Parish Government	<u>11,080</u>	<u>-</u>	<u>11,080</u>
Total liabilities	<u>13,070</u>	<u>-</u>	<u>13,070</u>
Fund Equity			
Investment in general fixed assets	-	1,654,947	1,654,947
Unreserved and undesignated	<u>1,353,620</u>	<u>-</u>	<u>1,353,620</u>
Designated for development	<u>593,500</u>	<u>-</u>	<u>593,500</u>
Total fund equity	<u>1,947,120</u>	<u>1,654,947</u>	<u>3,602,067</u>
Total liabilities and fund equity	<u>\$1,950,190</u>	<u>\$1,654,947</u>	<u>\$3,605,137</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, 1997

Revenues	
Taxes - ad valorem	\$ 882,647
Federal grant	10,000
State funds:	85,737
State revenue sharing	
Louisiana State Library	23,214
Fees, charges and commissions for service	11,307
Fines and forfeitures	18,048
Use of money and property	78,460
Other revenues	<u>18,068</u>
Total revenues	<u>921,501</u>
Expenditures	
Cultural and recreation	323,939
Capital outlay	<u>168,994</u>
Total expenditures	<u>492,933</u>
Excess of Revenues Over Expenditures	428,568
Fund Balance	
Beginning of year	<u>1,510,552</u>
End of year	<u>\$ 1,937,120</u>

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, 1997

	<u>Budget</u>	<u>Actual GAAP Basis</u>	<u>Adjustment Budget Basis</u>	<u>Actual Budget Basis</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues					
Taxes - ad valorem	\$ 411,500	\$ 482,647	\$ (34,718)	\$ 457,829	\$ 44,429
Federal grant	-	10,000	(10,000)	-	-
State funds:					
State revenue sharing	76,600	85,727	(6,500)	79,211	3,211
Louisiana State Library	-	23,214	-	23,214	23,214
Fees, charges and commissions for service	18,500	11,307	-	11,307	800
Fines and forfeitures	18,600	18,048	-	18,048	8,048
Use of money and property	33,800	70,440	-	70,440	35,460
Other revenues	1,300	10,898	-	10,898	9,798
Total revenues	<u>796,300</u>	<u>921,541</u>	<u>(51,216)</u>	<u>870,325</u>	<u>122,967</u>
Expenditures					
Cultural and recreation	481,300	325,939	(11,533)	314,384	166,916
Capital outlay	181,500	168,964	-	168,964	12,536
Total expenditures	<u>662,800</u>	<u>494,903</u>	<u>(11,533)</u>	<u>483,378</u>	<u>179,422</u>
Excess (Deficiency) of Revenues Over Expenditures	133,500	426,638	(39,679)	386,847	203,389
Fund Balance					
Beginning of year	865,485	1,514,512	(643,745)	870,767	-
End of year	<u>\$ 998,985</u>	<u>\$ 1,941,150</u>	<u>\$ (694,828)</u>	<u>\$ 1,246,322</u>	<u>\$ 302,389</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**St. Bernard Parish Library**

December 31, 1997

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.

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of State and local governmental entities. In July of 1984, the GASB issued Statement 1 which provided that all statements and interpretations issued by the National Council of Governmental Accounting (NCGA) continue as generally accepted accounting principles until altered, amended, supplemented, revised, or superseded by subsequent GASB pronouncements.

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 include:

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Reporting Entity (Continued)

1. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the parish government.
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, fund equity, 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 households 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) Bad Debts

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) General 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 donations 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) Accumulated 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 30 days is paid to employees at their current rate of pay. All unused vacation leave in excess of 30 days and all unused

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Accumulated Vacation and Sick Leave (Continued)

sick leave is used in the retirement benefit computation as earned service. At December 31, 1997, the Library employees had accumulated and vested \$16,583 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) 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, 1997.

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 (deficiency) of revenues over expenditures for the year ended December 31, 1997, is presented in Exhibit C.

j) Total Column on Balance Sheet - Overview

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 - CASH AND CERTIFICATES OF DEPOSIT

a) Cash

Deposits of the Library in the amount of \$342,961 (bank balances) are held by one financial institution and are fully insured or collateralized as of December 31, 1997.

b) Certificates of Deposit

The Library made deposits in certificates of deposit during 1997. The investments are recorded at cost. The following certificates of deposit were outstanding at December 31, 1997. The cost and market value are shown below:

	<u>Cost</u>	<u>Market</u>
Certificate of Deposit		
5.00% due February 27, 1998	\$ 400,000	\$ 400,000
Certificate of Deposit		
5.40% due March 18, 1998	400,000	400,000
Certificate of Deposit		
6.10% due November 11, 1998	250,000	250,000
Totals	\$1,050,000	\$1,050,000

The Library's deposits are categorized below to give an indication of the level of risk assumed by the entity 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 for which the securities are held by the broker's or dealer's trust department or agent in the Library's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the Library's name.

	<u>Carrying Value</u>	<u>Market Value</u>	<u>Category</u>
Certificates of deposits	\$1,050,000	\$1,050,000	1

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 receivable 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 revaluation of all property is required to be completed no less than every four years. The last revaluation 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, 1997 was \$3.94 per \$1,000 of assessed valuation on property parish wide.

Note 4 - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance January 1, <u>1997</u>	Additions	Deletions	Adjustments (1)	Balance December 31, <u>1997</u>
Land	\$ 3,000	\$ -	\$ -	\$ -	\$ 3,000
Building	262,910	-	-	-	262,910
Equipment	320,238	34,744	-	-	354,982
Library books, periodicals, audio visuals and prints	<u>1,153,688</u>	<u>58,788</u>	<u>160</u>	<u>221,261</u>	<u>1,633,697</u>
Totals	<u>\$1,740,836</u>	<u>\$134,532</u>	<u>\$160</u>	<u>\$221,261</u>	<u>\$1,654,917</u>

(1) During 1997, the Library updated their fixed asset records. As a result, an adjustment was required to report the fixed assets at the actual carrying value as of December 31, 1997. The above adjustment is a result of the cumulative effect of the change in the carrying value of the fixed assets.

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 7.25% 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, 1997, 1998, and 1999 were \$11,324, \$11,776 and \$13,509, 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, 1997.

Note 7 - RISK MANAGEMENT

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 is based on various factors such as operations and maintenance budget, exposure and claims experience. The premiums for workers compensation is 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.

SPECIAL REPORT OF CERTIFIED PUBLIC ACCOUNTANTS



Bourgeois Bonnett

**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, 1997, and have issued our report thereon, dated April 24, 1998. 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, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these 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 non-compliance that are 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 for the information of the audit committee, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Bourgeois Bennett, L.L.C.

Certified Public Accountants

New Orleans, La.,
April 24, 1998.

SCHEDULE OF FINDINGS

St. Bernard Parish Library

For the year ended December 31, 1997

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 | <u>X</u> no |
| • Reportable condition(s) identified that are not considered to be material weakness | ___ yes | <u>X</u> none reported |

Noncompliance material to financial statements noted? ___ yes X no

b) Federal Awards

For the year ended December 31, 1997 the St. Bernard Parish Library was not subject to OMB Circular A-133, Audit of States, Local Government and Non-Profit Organizations.

Section II Financial Statement Findings

There were no financial statement findings required to be reported for the year ended December 31, 1997.

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, 1997

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

For the year ended December 31, 1996 there were no internal control or compliance issues reported or noted.

Section II Internal Control and Compliance Material To Federal Awards

For the year ended December 31, 1996 there were no internal control or compliance issues material to federal awards reported.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 1996.

MANAGEMENT'S CORRECTIVE ACTION PLAN

St. Bernard Parish Library

For the year ended December 31, 1997

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

For the year ended December 31, 1997 there were no internal control or compliance issues reported or noted.

Section II Internal Control and Compliance Material To Federal Awards

For the year ended December 31, 1997 the St. Bernard Parish Library was not subject to OMB Circular A-133, Audit of States, Local Government and Non-Profit Organizations.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 1997.