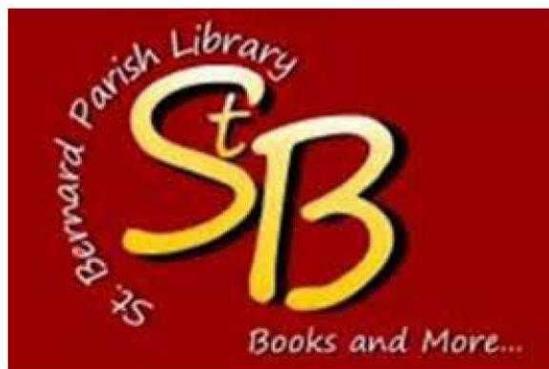


Financial Report

St. Bernard Parish Library

December 31, 2018



Financial Report

St. Bernard Parish Library

December 31, 2018

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St. Bernard Parish Library Chalmette, Louisiana

December 31, 2018

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major funds of the St. Bernard Parish Library (the "Library"), as of and for the year ended December 31, 2018 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 an opinion 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 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 misstatements 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 controls. 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of St. Bernard Parish Library as of December 31, 2018, and the respective changes in financial position and changes in assets and liabilities 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 the Management's Discussion and Analysis on pages 4 through 11, and the required supplementary information on pages 42 through 45, 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 operations, 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 an opinion on the financial statements as a whole. The Schedule of Compensation, Benefits, and Other Payments to Agency Head on page 46 as required by Louisiana Revised statute 24:513(A)(3) is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the 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 June 10, 2019, 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, 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 the 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.

Bougeois Bennett, L.L.C.
Certified Public Accountants.

New Orleans, Louisiana,
June 10, 2019.

MANAGEMENT'S DISCUSSION AND ANALYSIS

St. Bernard Parish Library
Chalmette, Louisiana

December 31, 2018

The Management's Discussion and Analysis (MD&A) of the St. Bernard Parish Library's (the "Library's") financial performance presents a narrative overview and analysis of the Library's financial activities as of and for the year ended December 31, 2018. It identifies changes in the Library's overall financial position and results of operations and assists the user in determining whether the financial position has improved or deteriorated as a result of the year's operations. It also identifies any significant variations from the original budget amounts and includes any currently known reasons for those variations that are expected to have a significant effect on future services or liquidity; and identifies individual issues or concerns. The MD&A focuses on the current year's activities, resulting changes, and currently known facts.

The information contained within this MD&A should be considered only as part of a greater whole. The readers of the MD&A should read and evaluate all sections of this report, including the notes to financial statements and required supplemental information section (RSI) that are provided in addition to this MD&A.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the Library's basic financial statements. The Library's financial report consists of four parts: (1) MD&A (this section); (2) basic financial statements; (3) required supplementary information; and (4) special reports by certified public accountants and management.

The basic financial statements include two kinds of statements that present different views of the Library:

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Library's finances, in a manner similar to a private sector business. Under this format, all governmental activities are consolidated into columns which add to a total for the governmental entity. For the Library, only governmental activities are included in the presentation. Accordingly, there is no "totals" column in the presentation.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Government-wide Financial Statements (Continued)

- a. The Statement of Net Position presents information on all of the Library's assets and liabilities using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as the net position. Over time, increases or decreases in the net position (and changes in the components of net position) may serve as a useful indicator of whether the financial position of the Library is improving or weakening.
- b. The Statement of Activities presents information showing how the Library's net position changed during the years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. The format for the Statement of Activities presents the expenses for each function (salaries and benefits, office expenses, insurance, supplies, other expenses, and depreciation) reduced by the Program Revenues (charges for services and grants) directly related to the program to determine net program expenses and general revenues (ad valorem taxes and other revenue).

Fund Financial Statements

A fund is a grouping of related accounts that are used to maintain control over resources which have been segregated for specific activities or objectives. The Library, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. The Library uses one category of funds to account for financial transactions - governmental funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fund Financial Statements (Continued)

The Library maintains one individual governmental fund (the "General Fund"). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund. The Library adopts an annual appropriated budget for its General Fund. A budgetary comparison statement, page 42, and the note to budgetary reporting have been provided for the General Fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 12 through 17 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 18 of this report.

FINANCIAL HIGHLIGHTS

The financial statements provide details of the current year operations summarized as follows:

- Net position of governmental activities increased by \$165,302.
- During the year, the Library had expenses of \$1,358,718 and \$1,524,020 generated in fees and other revenues.
- Total revenues increased by \$252,249 or 19.83% from the prior year.
- Salaries and benefits increased by \$24,897 or 8.94% from the prior year.
- Total expenses decreased by \$64,690 or 4.54% from the prior year.

Statements of Net Position and Statements of Activities

Presented below are Condensed Statements of Net Position and Statements of Activities for the Library. The condensed format allows the reader to view the overall financial position of the Library. Explanations of the components of the statements are included immediately following the statements.

(Continued)

Statements of Net Position and Statements of Activities (Continued)

Condensed Statements of Net Position

	<u>December 31,</u>		<u>Increase</u>	<u>Percentage</u>
	<u>2018</u>	<u>2017</u>	<u>(Decrease)</u>	<u>Change</u>
Cash and other current assets	\$ 15,484,676	\$ 14,536,665	\$ 948,011	6.52%
Long term receivables	485,273	485,273	-	0.00%
Other assets	592,642	597,190	(4,548)	-0.76%
Capital assets, net	<u>1,704,780</u>	<u>2,461,272</u>	<u>(756,492)</u>	-30.74%
Total assets	<u>18,267,371</u>	<u>18,080,400</u>	<u>186,971</u>	1.03%
Deferred outflows of resources	<u>45,571</u>	<u>76,742</u>	<u>(31,171)</u>	-40.62%
Other liabilities	<u>28,386</u>	<u>67,861</u>	<u>(39,475)</u>	-58.17%
Deferred inflows of resources	<u>60,480</u>	<u>10,117</u>	<u>50,363</u>	497.81%
Net position:				
Investment in capital assets, net of related debt	1,704,780	2,461,272	(756,492)	-30.74%
Unrestricted	<u>16,539,686</u>	<u>15,617,892</u>	<u>921,794</u>	5.90%
Total net position	<u>\$ 18,244,466</u>	<u>\$ 18,079,164</u>	<u>\$ 165,302</u>	0.91%

Statements of Net Position and Statements of Activities (Continued)

Condensed Statements of Activities

	<u>Total Governmental Activities</u> <u>Year Ended December 31,</u>		<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
	<u>2018</u>	<u>2017</u>		
Program revenues:				
Library fees	\$ 14,105	\$ 6,468	\$ 7,637	118.07%
Operating grants and contributions	3,023	1,500	1,523	101.53%
Total program revenues	<u>17,128</u>	<u>7,968</u>	<u>9,160</u>	114.96%
General revenues:				
Ad valorem revenues	1,295,720	1,157,562	138,158	11.94%
Interest income	126,570	78,817	47,753	60.59%
State revenue sharing	19,102	25,062	(5,960)	-23.78%
Miscellaneous income	65,500	2,362	63,138	2673.07%
Total general revenues	<u>1,506,892</u>	<u>1,263,803</u>	<u>243,089</u>	19.23%
Total revenues	<u>1,524,020</u>	<u>1,271,771</u>	<u>252,249</u>	19.83%
Program expenses:				
Salaries	303,272	278,375	24,897	8.94%
Employee benefits and payroll taxes	102,920	104,630	(1,710)	-1.63%
Other library expenses	141,423	105,263	36,160	34.35%
Depreciation	811,103	935,140	(124,037)	-13.26%
Total program expenses	<u>1,358,718</u>	<u>1,423,408</u>	<u>(64,690)</u>	-4.54%
Change in net position (deficit)	<u>\$ 165,302</u>	<u>\$ (151,637)</u>	<u>\$ 316,939</u>	-209.01%

The Library's net position increased by \$165,302 as a result of this year's operations. The balance in net position represents the accumulated results of all past years' operations. The Library's total revenues for the year were \$1,524,020 (\$17,128 in program revenues, \$1,506,892 in general revenues).

Financial Analysis of Governmental Funds

The Library maintains only one "governmental fund" - the General Fund. The General Fund Balance Sheet is on Page 14 of this report and the Statement of Revenues, Expenditures, and Changes in Fund Balance are on page 16 of this report.

Under the modified-accrual basis for fund financial statements, the emphasis is on accounting for current financial resources of the Library. The analysis in this section includes a discussion of the General Fund financial statements.

As of December 31, 2018, the General Fund reported total fund balance of \$15,941,563, an increase of \$929,916 from the prior year total fund balance. This increase is due to revenues of \$1,524,020 exceeding expenditures of \$594,104.

Analysis of the General Fund Budget

The budget for the General Fund was as follows:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Revenues:				
Ad valorem taxes	\$ 985,000	\$ 985,000	\$ -	0.00%
Interest income	25,000	25,000	-	0.00%
State revenue sharing	15,000	15,000	-	0.00%
Miscellaneous revenue	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>0.00%</u>
Total revenues	<u>1,030,000</u>	<u>1,030,000</u>	<u>-</u>	<u>0.00%</u>
Expenditures:				
Personnel expenses	515,000	515,000	-	0.00%
Operating expenses	295,000	295,000	-	0.00%
Capital outlay	<u>220,000</u>	<u>220,000</u>	<u>-</u>	<u>0.00%</u>
Total expenditures	<u>1,030,000</u>	<u>1,030,000</u>	<u>-</u>	<u>0.00%</u>
Excess of revenue over expenditures	-	-	-	0.00%
Fund Balance				
Beginning fund balance	<u>15,011,647</u>	<u>15,011,647</u>	<u>-</u>	<u>0.00%</u>
Ending fund balance	<u>\$ 15,011,647</u>	<u>\$ 15,011,647</u>	<u>\$ -</u>	<u>0.00%</u>

Analysis of the General Fund Budget (Continued)

When the budget for the year ended December 31, 2018 was originally prepared, revenues and expenditures were reflected in a conservative manner. No amendments were made for the 2018 budget.

Capital Assets

The capital assets of the Library consist of land, buildings and improvements, furniture and equipment, and library collections. There was \$50,063 of additions to capital assets as of the year ended December 31, 2018, from the purchase of library collections, computer equipment, furniture, and fixtures. There was \$4,548 of additions to capital assets as transfers from other assets. Depreciation expense for the year ended December 31, 2018 totaled \$811,103. A summary of activity for capital assets is presented in the notes to the financial statements in Note 5.

Beginning balance, cost of assets	\$ 6,978,947
Capital outlay	50,063
Transfers from other assets	4,548
Less disposals	(4,423)
Less accumulated depreciation	<u>(5,324,355)</u>
Total capital assets, net	<u>\$ 1,704,780</u>

Long-Term Debt

The Library is not allowed to incur long-term indebtedness for bonds or notes payable. As of December 31, 2018, the Library had no long-term debt outstanding.

Economic Factors and Next Year's Budget

The Library must consider many variables when budgeting for the coming fiscal year. Included in these factors are changing laws and regulations, economic circumstances, and historical trends. These indicators are as follows:

Economic Factors and Next Year's Budget (Continued)

A summary of the current budget for the year ending December 31, 2019 follows:

Condensed Budget

Revenue	<u>\$ 1,060,000</u>
Expenditures:	
Operations	310,000
Personnel expenses	510,000
Capital outlay	<u>240,000</u>
	<u>1,060,000</u>
Excess of revenues over expenditures	<u>\$ -</u>

The Library's two major sources of funding are ad valorem tax revenue and state revenue sharing. For the year ending December 31, 2019, it is anticipated that ad valorem tax revenues will remain consistent with the year ended December 31, 2018. Capital outlay should increase from the year ended December 31, 2018 budget as the Library anticipates a need to increase its library collections. The Library has budgeted personnel expenses with a slight decrease from the prior year budget.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the St. Bernard Parish Library's finances for all those with an interest in the Library's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director, St. Bernard Parish Library, 2600 Palmisano Blvd., Chalmette, LA 70043-3666; phone number (504) 279-0448.

STATEMENT OF NET POSITION**St. Bernard Parish Library**
Chalmette, Louisiana

December 31, 2018

Assets

Cash and cash equivalents	\$ 8,318,444
Ad valorem taxes receivable, net	1,130,348
Due from St. Bernard Parish	485,273
Investments	6,035,884
Other assets	592,642
Net pension asset	20,390
Capital assets, net of accumulated depreciation	1,704,780

Total assets	<u>18,287,761</u>
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Deferred Outflows of Resources

	<u>45,571</u>
--	---------------

Total assets and deferred outflows of resources	<u>18,333,332</u>
---	-------------------

Liabilities

Accrued vacation and payroll liabilities	<u>28,386</u>
--	---------------

Total liabilities	28,386
-------------------	--------

Deferred Inflows of Resources

	<u>60,480</u>
--	---------------

Total liabilities and deferred inflows of resources	<u>88,866</u>
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Net Position

Net investment in capital assets	1,704,780
Unrestricted	<u>16,539,686</u>

Total net position	<u>18,244,466</u>
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Total liabilities, deferred inflows of resources, and net position	<u><u>\$ 18,333,332</u></u>
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See notes to financial statements.

STATEMENT OF ACTIVITIES**St. Bernard Parish Library**
Chalmette, Louisiana

For the year ended December 31, 2018

Governmental Activities

Expenses:

General government:

Depreciation	\$ 811,103
Salaries and wages	303,272
Employee benefits and payroll taxes	102,920
Office expenses	46,162
Other expenses	38,591
Insurance	24,712
Library supplies	5,287
Grant supplies	4,326
Computer software licenses and maintenance	21,705
Auto and travel	640

Total expenses	1,358,718
----------------	-----------

Program revenues:

Charges for services:

Library fees	14,105
Operating grants and contributions	3,023

Total program revenues	17,128
------------------------	--------

Net program expenses	(1,341,590)
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General revenues:

Ad valorem taxes	1,295,720
Interest income	126,570
Unrealized gain on investments	61,492
State revenue sharing	19,102
Miscellaneous revenue	4,008

Total general revenues	1,506,892
------------------------	-----------

Change in net position	165,302
------------------------	---------

Net Position

Beginning of year	18,079,164
-------------------	------------

End of year	\$ 18,244,466
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See notes to financial statements.

BALANCE SHEET - GOVERNMENTAL FUND**St. Bernard Parish Library**
Chalmette, Louisiana

December 31, 2018

ASSETS

Cash	\$ 8,318,444
Ad valorem taxes receivable, net	1,130,348
Due from St. Bernard Parish	485,273
Investments	<u>6,035,884</u>
Total assets	<u><u>\$ 15,969,949</u></u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Accrued vacation and payroll liabilities	<u>\$ 28,386</u>
Fund balance:	
Committed for capital outlay	6,200,000
Assigned	2,800,000
Unassigned	<u>6,941,563</u>
Total fund balance	<u>15,941,563</u>
Total liabilities and fund balance	<u><u>\$ 15,969,949</u></u>

See notes to financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET POSITION**

St. Bernard Parish Library
Chalmette, Louisiana

December 31, 2018

Fund balance - governmental fund	<u>\$ 15,941,563</u>
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Other assets used in governmental activities are not financial resources and are not reported in the governmental funds	<u>592,642</u>
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds	
Governmental capital assets	7,029,135
Less: accumulated depreciation	<u>(5,324,355)</u>
	<u>1,704,780</u>
Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in governmental funds	<u>45,571</u>
Long-term assets (liabilities) are not due and payable in the current period and therefore are not reported in the governmental funds:	
Net pension asset	<u>20,390</u>
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in governmental funds	<u>(60,480)</u>
Net position of governmental activities	<u><u>\$ 18,244,466</u></u>

See notes to financial statements.

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

St. Bernard Parish Library
Chalmette, Louisiana

For the year ended December 31, 2018

Revenues

Ad valorem taxes	\$ 1,295,720
Interest income	126,570
Investment income	61,492
Library fees	14,105
State revenue sharing	19,102
Public grant revenue	3,023
Miscellaneous revenue	4,008
	1,524,020
Total revenues	1,524,020

Expenditures

General government:	
Personnel services	402,618
Operating services	141,423
Capital outlay	50,063
	594,104
Total expenditures	594,104

Excess of Revenues Over Expenditures

929,916

Fund Balance

Beginning of year	15,011,647
	15,011,647
End of year	\$ 15,941,563
	15,941,563

See notes to financial statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE OF THE
GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES**

St. Bernard Parish Library
Chalmette, Louisiana

For the year ended December 31, 2018

Excess of revenues over expenditures - governmental fund	<u>\$ 929,916</u>
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>	
<p>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:</p>	
Capital outlay	50,063
Depreciation	<u>(811,103)</u>
	<u>(761,040)</u>
<p>Net pension expense is reported in governmental funds as expenditures as they are paid, however, in the Statement of Activities the net pension expense is reported according to estimates required by GASB 68:</p>	
Pension expenses paid	19,836
GASB 68 adjustment	<u>(23,410)</u>
Pension expenses per GASB 68	<u>(3,574)</u>
Change in net position of governmental activities	<u><u>\$ 165,302</u></u>

See notes to financial statements.

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

Chalmette, Louisiana

December 31, 2018

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The St. Bernard Parish Library (the "Library") was established by the parish governing authority, under the provisions of the Louisiana Revised Statute (LRS) 25:211. The Library provides citizens of St. Bernard 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 the Louisiana Revised Statute 25:214. The Library is located in Chalmette, Louisiana.

The accounting policies of the Library conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental 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

The Library has reviewed all of its activities and determined that there are no potential component units which should be included in its financial statements.

The GASB established criteria for determining which component units should be considered part of the St. Bernard Parish Council ("Parish Council") for financial reporting purposes. 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. This criterion includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Parish Council to impose its will on that organization and/or,

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting Entity (Continued)

- b. The potential for the Library to provide specific financial benefits to or impose specific financial burdens on the Parish Council and/or,
- c. Organizations for which the Parish Council does not appoint a voting majority but are fiscally dependent on the Parish Council and/or,
- d. Organizations for which the reporting entity financial statements would be misleading if data of the Library is not included because of the nature or significance of the relationship.

The Library is considered a component unit of the St. Bernard Parish Government ("Parish Government") based on the criteria above. Based on the criteria above, the Library has no component units.

The accompanying 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 governmental unit, or the other governmental units that comprise the financial reporting entity.

b. Basis of Presentation

The accompanying financial statements of the Library have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units.

Government-wide Financial Statements:

The government-wide financial statements include the Statement of Net Position and the Statement of Activities for all activities of the Library. The government-wide presentation focuses primarily on the sustainability of the Library as an entity and the change in aggregate financial position resulting from the activities for the fiscal period. Governmental activities generally are financed through fees, intergovernmental revenues, and other non-exchange revenues.

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Basis of Presentation (Continued)

Fund Financial Statements:

The fund financial statements are very similar to the traditional government fund statements as presented by governments prior to the issuance of GASB Statement No. 34. Emphasis is now on the major funds. The daily accounts and operations of the Library continue to be organized on the basis of a fund and account groups, each of which is considered a separate accounting entity. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following is the governmental fund of the Library:

General Fund

The General Fund is the primary operating and sole fund of the Library and accounts for and reports the operations of the Library's office. The focus of the governmental funds' measurement is upon the determination of financial position and changes in financial position rather than upon net income. The various fees and charges due to the Library's office and ad valorem tax revenue are accounted for in this fund. General operating expenditures are paid from this fund. The General Fund is always considered a major fund.

c. Measurement Focus and Basis of Accounting

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.

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. These statements include all the financial activities of the Library.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Measurement Focus and Basis of Accounting (Continued)

Government-wide Financial Statements (Continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from general revenues.

Fund Financial Statements

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Revenues

Ad valorem taxes are recorded in the year the taxes are assessed; thus, the property taxes which are being levied to finance the current year budget are recognized as revenue in the current year. The taxes are generally collected in December of the current year and January through February of the ensuing year. State revenue sharing is an arrangement whereby local governments are reimbursed by the State for ad valorem taxes not billed due to the homestead exemption. The Library received \$19,102 from state revenue sharing for the year ended December 31, 2018.

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Measurement Focus and Basis of Accounting (Continued)

Revenues (Continued)

Grant revenue is recorded on the government-wide financial statements when the Library is entitled to the funds. Grant revenue is recorded on the fund financial statements when the Library is entitled to the funds and when they are considered available. Revenues from fees and other services are recognized when they become measurable and available (i.e., when the service is performed). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the Library considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Miscellaneous revenues are recorded as revenues when received in cash by the Library because they are generally not measurable until actually received.

Interest income on cash balances is recorded when the income is available.

Substantially all other revenues are recorded when received.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Allocations of cost such as depreciation are not recognized in the governmental funds.

d. Use of Estimates

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

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Operating Budgetary Data

The Library adopted a budget for its General Fund. The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget, and public hearings of the budget prior to adoption. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Library Board of Control. The Library did not amend its budget during 2018. All budgeted amounts which are not expended, or obligated through contracts, lapse at year end.

The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

f. Cash and Cash Equivalents

Cash includes amounts in interest-bearing demand deposits and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Library may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States. Highly liquid debt instruments with original maturities of 90 days or less are classified as cash equivalents.

g. Receivables

The Library uses the allowance method to account for uncollectible receivables. The allowance for uncollectible accounts is based on prior years' experience and management's analysis of possible bad debts. Bad debt recoveries are charged against the allowance account as realized. There was no allowance for uncollectible accounts as management has determined that all accounts are fully collectible as of December 31, 2018.

h. Investments

Investments are reported at fair value. All investments are traded on a national exchange and are valued at the last reported sales price at current exchange rates. There are no investments without an established market. Unrealized gains and losses on investments recorded at fair value are included in investment income. Investment policies are governed by state statutes.

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Capital Assets and Depreciation

The accounting treatment over property and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

All capital assets of the Library are recorded at historical cost and are reported in the government-wide financial statements. Depreciation of all exhaustible fixed assets is charged as an expense against their operations.

In the fund financial statements capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Government-wide Financial Statements:

In the government-wide financial statements, property and equipment are accounted for as capital assets. Capital assets purchased or acquired with an original cost of \$250 or more are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their fair 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 is expensed as incurred.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

	<u>Estimated Lives</u>
Buildings and improvements	30 years
Furniture and equipment	5-7 years
Library collections	5 years

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Capital Assets and Depreciation (Continued)

Fund Financial Statements

In the fund financial statements, the cost of capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

j. 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 outflow of resources (expenses/expenditures) 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 a future period and so will not be recognized as an inflow of resources (revenue) until then.

k. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Parochial Employees' Retirement System of Louisiana (the "System") and additions to/deductions from the System fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l. Compensated Absences

All full-time employees of the Library earn vacation and sick leave at varying rates depending on years of service. 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 or transferred to the System at no cost to the Library for two employees and actuarial costs for one employee. Vacation and sick leave are considered to be due within one year of the end of the fiscal year.

m. Fund Equity

Government-wide Statements

Equity is classified as net position and displayed in three components:

- a. Invested in Capital Assets** - Consists of capital assets including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted Net Assets** - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted Net Assets** – All other net assets that do not meet the definition of "restricted" or "invested in capital assets".

When both restricted and unrestricted resources are available for use, it is the Library's policy to use restricted resources first, then unrestricted resources as they are needed. As of December 31, 2018, and for the year then ended, the Library did not have or receive restricted resources classified as restricted net position.

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Fund Equity (Continued)

Fund Financial Statements

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. There was no nonspendable equity as of December 31, 2018.

Restricted - amounts that can be spent only for a specific purpose because of the constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributions, or the laws or regulations of other governments. There was no restricted equity as of December 31, 2018.

Committed - amounts that can be used only for specific purposes determined by a formal decision of the Library. There was \$6,200,000 committed for capital outlay as of December 31, 2018.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for a specific purposes. There was \$2,300,000 assigned for revenue shortfalls and \$500,000 assigned for unemployment insurance reserve as of December 31, 2018.

Unassigned - all amounts not included in other spendable classifications. The Library has not adopted a policy to maintain the General Fund's unassigned fund balance above a certain minimum level.

n. Stabilization Arrangements

The Library has formally set aside amounts for use in emergency situations or to offset anticipated revenue shortfalls should they occur. The stabilization arrangement was authorized through formal resolution of the Library Board of Control. The stabilization balance as of December 31, 2018 was \$2,300,000 and was included in the assigned fund balance.

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. New Pronouncements

During the year ended December 31, 2018, the Library implemented the following GASB statements:

Statement No. 75, *"Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions"* replaces the requirements of GASB Statement No. 45. This Statement requires governments to report a liability on the face of the financial statements for the Other Post-Employment Benefits (OPEB) that they provide: governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability, governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan and governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability to their employees. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. This statement did not affect the Library's financial statements.

Statement No. 85, *"Omnibus 2017."* On March 20, 2017, GASB issued *"Omnibus 2017"* covering four main topics: blending component units; goodwill, fair value measurement and application; and postemployment benefits. *"Omnibus 2017"* is effective for fiscal years beginning after June 15, 2017. However, due to the nature of topic covered, GASB is allowing the option of early implementation for single topics. This statement did not affect the Library's financial statements.

Statement No. 86, *"Certain Debt Extinguishment Issues"* improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. This statement did not affect the Library's financial statements.

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. New Pronouncements (Continued)

The GASB has issued the following Statements which will become effective in future years as shown below:

Statement No. 83, "*Certain Asset Retirement Obligations*" addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 84, "*Fiduciary Activities*" improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Management has not yet determined the effect of this Statement on the financial statements.

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. New Pronouncements (Continued)

Statement No. 87, *"Leases"* increases the usefulness of a government's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use an underlying asset. Under the Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about a government's leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 88, *"Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements"* improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The Statement clarifies which liabilities governments should include when disclosing information related to debt. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 30, 2018. Management has not yet determined the effect of this Statement on the financial statements.

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. New Pronouncements (Continued)

Statement No. 89, *"Accounting for Interest Cost Incurred before the End of a Construction Period"* establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 90, *"Majority Equity Interest"* improves the consistency and comparability of reporting a government's majority equity interest in legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as component unit. The requirements of this Statement are effective for reporting period beginning after December 15, 2018. Management has not yet determined the effect of this Statement on the financial statements.

p. Subsequent Events

The Library evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through June 10, 2019, which is the date the financial statements were available to be issued.

Note 2 - DEPOSITS AND INVESTMENTS

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, or any other federally insured investment, certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana, guaranteed investment contracts and investment grade (A-1/P-2) commercial paper of domestic corporations.

Bank Deposits

State law requires deposits (cash) of all political subdivisions to 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.

The year end balances are as follows:

	<u>Bank Balances</u>	<u>Reported Amount</u>
Cash	<u>\$ 8,331,782</u>	<u>\$ 8,318,444</u>

Custodial credit risk is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. The Library has a written policy for custodial credit risk. As of December 31, 2018, \$757,253 (held with Hancock Whitney Bank) of the Library's bank balance of \$8,331,782 was in excess of FDIC insurance and was collateralized with a Federal Home Loan Bank letter of credit and therefore not subject to custodial credit risk. As of December 31, 2018, cash and cash equivalents were adequately collateralized in accordance with state law.

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

Investments

State statutes authorize investing in obligations of the U.S. Treasury, agencies, and instrumentalities; guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations.

As of December 31, 2018, the Library had the following investments and maturities:

<u>Investment Type</u>	<u>Investment Maturities (in Years)</u>			
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1 - 5</u>	<u>5 or more</u>
U.S. Treasury Securities	<u>\$ 6,035,884</u>	<u>\$ 6,035,884</u>	<u>\$</u>	<u>\$ -</u>

As a means of limiting its exposure to fair value losses arising from interest rates, the Library's investment policy emphasizes maintaining liquidity to match specific cash flows. The Library's investment policy limits investments to those allowed under state law.

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. For an investment, custodial credit risk is the risk that, in the event of a failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Investments in United States Treasury are not exposed to custodial credit risk because the principal and interest are fully guaranteed by the government of the United States.

In accordance with GASB Statement No. 31, the Library recognized the net increase in the fair value of investments for the year ended December 31, 2018. The increase in the fair value of investments takes into account all changes in fair value (including purchases and sales). For the year ended December 31, 2018, the Library recognized a net increase in the fair value of investments totaling \$61,492.

Investments as reported on the financial statements as of December 31, 2018 are comprised of the following:

	United States Treasury Securities
Reported amounts	<u>\$ 6,035,884</u>

Note 3 - PROPERTY TAXES

Property taxes are levied each November 1st on the assessed value listed as of the prior January 1st for all real property, merchandise, and movable property located in St. Bernard 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 tax rate for the year ended December 31, 2018 was \$3.75 per \$1,000 of assessed valuation of property within St. Bernard Parish. Taxes are due and payable on November 15th of each year and become delinquent on December 31st with interest being charged on payments after January 1st. Taxes are collected by the St. Bernard Parish Sheriff's Office who remits the dedicated millage to the Library.

Note 4 - RECEIVABLES

The details of the ad valorem taxes receivable as of December 31, 2018 are as follows:

Ad valorem receivable	\$ 1,130,348
Less: allowance for uncollectible accounts	<u> -</u>
	<u>\$ 1,130,348</u>

There were no receivable balances past due in excess of 90 days as of December 31, 2018.

Note 5 - CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	<u>Balance December 31, 2017</u>	<u>Additions/ Transfer From Other Assets</u>	<u>Deletions</u>	<u>Balance December 31, 2018</u>
Capital assets not being depreciated:				
Land	<u>\$ 1,084,398</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,084,398</u>
Capital assets being depreciated:				
Building	262,910	-	-	262,910
Furniture and equipment	1,728,272	13,772	-	1,742,044
Library collections	<u>3,903,367</u>	<u>40,839</u> ⁽¹⁾	<u>(4,423)</u>	<u>3,939,783</u>
Total capital assets being depreciated	5,894,549	54,611	(4,423)	5,944,737
Less accumulated depreciation	<u>(4,517,675)</u>	<u>(811,103)</u>	<u>4,423</u>	<u>(5,324,355)</u>
Total capital assets being depreciated, net	<u>1,376,874</u>	<u>(756,492)</u>	<u>-</u>	<u>620,382</u>
Total capital assets, net	<u>\$ 2,461,272</u>	<u>\$ (756,492)</u>	<u>\$ -</u>	<u>\$ 1,704,780</u>

⁽¹⁾ The balance includes \$4,548 transferred from other assets.

Depreciation expense of \$811,103 was charged to operations for the year ended December 31, 2018.

Note 6 - DUE FROM LOCAL GOVERNMENT

The Library has an amount receivable from the Parish Government related primarily to insurance recoveries that were received by the Parish as a result of casualty losses resulting from Hurricane Katrina. As of December 31, 2018, amounts due from Parish Government totaled \$485,273.

Note 7 - RETIREMENT PLANS

Plan Description. Substantially all employees of the Library are members of the Parochial Employees' Retirement System of Louisiana (the "System"); a cost-sharing and multiple-employer defined benefit pension plan established in accordance with Louisiana Revised Statutes, 11:1901-2025 to provide retirement benefits to all employees of any parish in the State of Louisiana. Act 765 of the year 1979, established by the Legislature of the State of Louisiana, revised the System to create Plan A and Plan B to replace the "regular plan" and the "supplemental plan". Plan A was designated for employers out of Social Security. Plan B was designated for those employers that remained in Social Security on the revision date. The Library is one of the employers included in Plan A (the "Plan").

Benefits Provided. The System provides retirement, deferred retirement, disability and death benefits. Permanent parish government employees (except those employed by Orleans, Lafourche and East Baton Rouge Parishes) who work at least 28 hours a week shall become members on the date of employment. Act 1214 of the 1997 Louisiana legislature granted new employees who are age 55 or older and who have 40 quarters of more of credit with Social Security the option of joining the System. This option must be exercised within ninety (90) days of the employment date or within 90 days of the effective date of the action (July 1, 1997) whichever is later. When a decision is made, an election form must be completed and sent to the System office. As of January 1997, elected officials, except coroners, justices of the peace, and parish presidents may no longer join the System. Retirement benefits are generally equal to 3% of the member's final average compensation multiplied by the years of creditable service. Any member of the Plan can retire providing he/she meets one of the following criteria: For employees hired prior to January 1, 2007: Any age with 30 or more years of creditable service; age 55 with 25 years of creditable service; age 60 with a minimum of ten years of creditable service; age 65 with a minimum of seven years of creditable service; for employees hired after January 1, 2007: Age 55 with 30 years of service; age 62 with ten years of service; age 67 with seven years of service.

In lieu of terminating employment and accepting a service retirement, any member of the System 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 benefits. During the participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP fund. The election to participate in DROP is irrevocable once participation begins.

Note 7 - RETIREMENT PLANS (Continued)

A member shall be eligible to retire and receive a disability benefit if they were hired prior to January 1, 2007, and have at least five years of creditable service or if hired after January 1, 2007, have seven years of creditable service, and are not eligible for normal retirement and have been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of the Plan shall be paid a disability benefit equal to the lesser of an amount equal to 3% of the member's final average compensation multiplied by years of service, not to be less than fifteen, or 3% multiplied by years of service assuming continued service to age 60. Death benefits are payable to eligible surviving dependents based on the deceased member's years of creditable service and compensation and the dependent's relationship to the deceased member. The System provides permanent benefit increases, cost of living adjustments (COLA) as approved by the State Legislature.

Contributions. According to state statute, contributions for all employers are actuarially determined each year. For the year ending December 31, 2017, the actuarially determined employer contribution rate was 9.35% of member's compensation. However, the actual rate for the year ending December 31, 2017 was 12.5%.

According to state statute, the System also receives 0.25% of ad valorem taxes collected within the respective 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.

Contributions to the Plan from the Library were \$19,836 for the year ended December 31, 2018.

Pension Assets. As of December 31, 2018, the Library reported an asset of \$20,390 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017 and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Library's proportion of the net pension asset 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. As of December 31, 2017, the Library's proportion was .027470%, which was a decrease of .000483% from its proportion measure as of December 31, 2016.

Pension Expense. For the year ended December 31, 2018, the Library recognized net pension expense of (\$3,574).

Note 7 - RETIREMENT PLANS (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. As of December 31, 2018, 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>
Difference between expected and actual experience	\$ -	\$ (13,199)
Change of assumptions	25,735	-
Net difference between projected and actual earnings on pension plan investments	-	(47,106)
Changes in proportion and differences between Library contributions and proportionate share of contribution	-	(175)
Library contributions subsequent to the measurement date	<u>19,836</u>	<u>-</u>
Totals	<u>\$ 45,571</u>	<u>\$ (60,480)</u>

The Library reported \$19,836 as deferred outflows of resources related to pensions resulting from the Library contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. 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 Ending December 31,</u>	<u>Amount</u>
2019	\$ 3,003
2020	(3,169)
2021	(15,910)
2022	<u>(18,669)</u>
Total	<u>\$ (34,745)</u>

Note 7 - RETIREMENT PLANS (Continued)

Actuarial Assumptions. A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2018 are as follows:

Valuation date	December 31, 2017
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Expected remaining service lives	4 years
Investment rate of return	6.75%, net of investment expense, including inflation.
Projected salary increases	5.25% (2.50% inflation, 2.75% merit) RP-2000 Healthy Annuitant Mortality Table / RP-2000 Disabled Lives.
Mortality rates	RP-2000 Employee Sex Distinct Table was selected for employees. RP-2000 Healthy Annuitant Sex Distinct Tables were selected for annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.
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 increases not yet authorized by the Board of Trustees.

The long-term expected rate of return on pension plan investments was determined using a triangulation method 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. The long term expected rate of return was 7.62% as of December 31, 2017. 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, 2017 are summarized in the following table:

Note 7 - RETIREMENT PLANS (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	35.00%	1.24%
Equity	52.00%	3.57%
Alternatives	11.00%	0.69%
Real assets	2.00%	0.12%
Totals	100.00%	5.62%
Inflation		2.00%
Expected arithmetic nominal return		7.62%

Discount Rate. The discount rate used to measure the total pension liability was 6.75%. 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.

Sensitivity of the Library's Proportionate Share of the Collective Net Pension Liability to Changes in the Discount Rate. The following presents the net pension (asset) liability of the participating employers calculated using the discount rate of 6.75%, as well as what the employers' net pension (asset) liability would be if it were calculated using a discount rate that is one-percentage point lower (5.75%) or one-percentage point higher (7.75%) than the current rate:

	1.0% Decrease <u>5.75%</u>	Current Discount Rate <u>6.75%</u>	1.0% Increase <u>7.75%</u>
Library's proportionate share of the net pension (asset) liability	\$100,528	(\$20,390)	(\$128,058)

Note 7 - RETIREMENT PLANS (Continued)

Pension Plan Fiduciary Net Position. The Parochial Employees' Retirement System of Louisiana issued a stand-alone audit report on their financial statements for the year ended December 31, 2017. Access to the audit report can be found on the Louisiana Legislative Auditor's website, www.lla.la.gov.

Note 8 - RISK MANAGEMENT

The Library is exposed to various risks of loss related to general liability, workers' compensation, unemployment compensation, property, and group health benefits. The Library carries insurance coverage for its exposure to risk of loss. No settlements were made during the year that exceeded the Library's insurance coverage.

Note 9 - COMPENSATION OF BOARD MEMBERS

No compensation was paid to the Library Board of Control for the year ended December 31, 2018.

Note 10 - STATE OF LOUISIANA TAX ABATEMENT

The Library's property tax revenues were reduced for the year ended December 31, 2018 by \$327,696 under the Louisiana Industrial Ad Valorem Tax Exemption Program and the Restoration Tax Abatement program which were entered into by the State of Louisiana.

REQUIRED SUPPLEMENTARY INFORMATION

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

St. Bernard Parish Library
Chalmette, Louisiana

For the year ended December 31, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:				
Ad valorem taxes	\$ 985,000	\$ 985,000	\$ 1,295,720	\$ 310,720
Interest income	25,000	25,000	126,570	101,570
Library fees	-	-	14,105	14,105
State revenue sharing	15,000	15,000	19,102	4,102
Public grant revenue	-	-	3,023	3,023
Miscellaneous revenue	5,000	5,000	65,500	60,500
	<u>1,030,000</u>	<u>1,030,000</u>	<u>1,524,020</u>	<u>494,020</u>
Expenditures:				
Personnel services	515,000	515,000	402,618	112,382
Operating services	295,000	295,000	141,423	153,577
Capital outlay	220,000	220,000	50,063	169,937
	<u>1,030,000</u>	<u>1,030,000</u>	<u>594,104</u>	<u>435,896</u>
Excess of revenues over expenditures	-	-	929,916	929,916
Fund Balance				
Beginning of year	<u>15,011,647</u>	<u>15,011,647</u>	<u>15,011,647</u>	<u>-</u>
End of year	<u>\$ 15,011,647</u>	<u>\$ 15,011,647</u>	<u>\$ 15,941,563</u>	<u>\$ 929,916</u>

See note to required supplementary information - budgetary reporting.

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION -
BUDGETARY REPORTING

St. Bernard Parish Library
Chalmette, Louisiana

For the year ended December 31, 2018

The Library adheres to the following procedures in establishing the budgetary data reflected in the financial statements.

Budgetary Information

The Library legally adopted a budget for its General Fund for the year ended December 31, 2018 on October 16, 2017. The budget was made available for public inspection at the Library's office on September 22, 2017. The proposed budget was prepared on the modified accrual basis of accounting, and was published in the official journal on September 22, 2017. The budget hearing was held at the Library's office on October 16, 2017. The budget for the year ended December 31, 2018 was not amended. All appropriations lapse at year end.

Formal budget integration (within the accounting records) is employed as a management control device. Budget amounts included in the accompanying financial statements include the original adopted budget.

The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United State of America.

**SCHEDULE OF THE LIBRARY'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY**

St. Bernard Parish Library

Chalmette, Louisiana

December 31, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Library's proportion of the net pension liability	<u>0.027470%</u>	<u>0.027953%</u>	<u>0.028347%</u>	<u>0.028160%</u>
Library's proportionate share of the net pension (asset) liability	<u>(\$20,390)</u>	<u>\$57,570</u>	<u>\$74,618</u>	<u>\$33,134</u>
Library's covered-employee payroll	<u>\$169,084</u>	<u>\$165,776</u>	<u>\$165,776</u>	<u>\$162,531</u>
Library's proportionate share of the net pension (asset) liability as a percentage of its covered-employee payroll	<u>-12.0591%</u>	<u>34.7276%</u>	<u>45.0113%</u>	<u>20.3863%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>101.9800%</u>	<u>94.1500%</u>	<u>92.2300%</u>	<u>99.1500%</u>

SCHEDULE OF THE LIBRARY'S CONTRIBUTIONS**St. Bernard Parish Library**
Chalmette, Louisiana

For the year ended December 31, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 19,836	\$ 21,136	\$ 15,748	\$ 23,567
Contributions in relation to the contractually required contribution	<u>(19,836)</u>	<u>(21,136)</u>	<u>(15,748)</u>	<u>(23,567)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Library's covered-employee payroll	<u>\$ 172,472</u>	<u>\$ 169,084</u>	<u>\$ 165,776</u>	<u>\$ 162,531</u>
Contributions as a percentage of covered-employee payroll	<u>11.50%</u>	<u>12.50%</u>	<u>9.50%</u>	<u>14.50%</u>

**SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO AGENCY HEAD**

St. Bernard Parish Library
Chalmette, Louisiana

For the year ended December 31, 2018

Agency Head Name: Ethel B. Llamas, Director

Purpose

Salary	\$ 76,170
Benefits - insurance	6,122
Benefits - retirement	7,236
Benefits - other	1,149
Car allowance	0
Vehicle provided by government	0
Per diem	0
Reimbursements	0
Travel	478
Registration fees	0
Conference travel	0
Continuing professional education fees	215
Housing	0
Unvouchered expenses	0
Special meals	0
	<hr/>
	\$ 91,370

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

**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 GOVERNMENT AUDITING STANDARDS**

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

We have audited, 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, the financial statements of the governmental activities and the major funds of the St. Bernard Parish Library (the "Library"), a component unit of St. Bernard Parish Government, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated June 10, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Library's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Library's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely 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 the effectiveness of the Library's internal control over financial reporting or on compliance. This 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. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants.

New Orleans, Louisiana,
June 10, 2019.

SCHEDULE OF FINDINGS AND RESPONSES

St. Bernard Parish Library Chalmette, Louisiana

For the year ended December 31, 2018

Section I - Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are
not considered to be a material weakness? Yes None reported

Noncompliance material to financial statements noted? Yes No

b) Federal Awards

The Library did not expend more than \$750,000 in Federal awards during the year ended December 31, 2018, and therefore, is exempt from the audit requirements under Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Section II - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

There were no findings reported during the audit for the year ended December 31, 2018 related to internal control over financial reporting.

Compliance and Other Matters

No compliance findings material to the financial statements were reported during the audit for the year ended December 31, 2018.

Section III - Internal Control and Compliance Material to Federal Awards

Internal Control/Compliance

The St. Bernard Parish Library did not expend more than \$750,000 in Federal awards during the year ended December 31, 2018, and therefore, is exempt from the audit requirements under Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

St. Bernard Parish Library Chalmette, Louisiana

For the year ended December 31, 2018

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

No material weaknesses were reported during the audit of the financial statements for the fiscal year ended December 31, 2017.

No significant deficiencies were reported during the audit of the financial statements for the fiscal year ended December 31, 2017.

Compliance and Other Matters

There were no compliance findings material to the financial statements reported during the audit for the fiscal year ended December 31, 2017.

Section II - Internal Control and Compliance Material to Federal Awards

The St. Bernard Parish Library did not expend more than \$750,000 in Federal awards during the year ended December 31, 2017, and therefore, is exempt from the audit requirements under Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2017.

MANAGEMENT'S CORRECTIVE ACTION PLAN

St. Bernard Parish Library
Chalmette, Louisiana

For the year ended December 31, 2018

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

No material weaknesses were reported during the audit of the financial statements for the fiscal year ended December 31, 2018.

No significant deficiencies were reported during the audit of the financial statements for the fiscal year ended December 31, 2018.

Compliance and Other Matters

There were no compliance findings material to the financial statements reported during the audit for the fiscal year ended December 31, 2018.

Section II - Internal Control and Compliance Material to Federal Awards

The St. Bernard Parish Library did not expend more than \$750,000 in Federal awards during the year ended December 31, 2018, and therefore, is exempt from the audit requirements under Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2018.

STATEWIDE AGREED-UPON PROCEDURE

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the management of St. Bernard Parish Library (the "Library") and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the year ended December 31, 2018. The Library's management is responsible for those C/C areas identified in the SAUPs.

This SAUPs engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures referred to above, either for the purpose for which this report has been requested, or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Prior year testing resulted in no exceptions related to written policies and procedures. Therefore, testing is not required in the current year.

Board (or Finance Committee, if applicable)

2. Prior year testing resulted in no exceptions related to board or finance committee. Therefore, testing is not required in the current year.

Bank Reconciliations

3. Obtain a listing of the Library's bank accounts from management and management's representation that the listing is complete. Ask management to identify the Library's main operating account. Select the Library's main operating account and select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

Procedures performed on the Library's bank reconciliations: (Continued)

Performance: Obtained the listing of bank accounts from management, and received management's representation in a separate letter. Selected August 2018 from the fiscal period, and obtained the corresponding bank statement and reconciliation for the Library's main operating account and 4 additional accounts.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- a. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Performance: Observed that bank reconciliations were prepared within 2 months of the related statement closing date.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b. Bank reconciliations include evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Performance: Observed that a member of management or a board member reviewed each bank reconciliation.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c. Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

Performance: Inspected documents for items outstanding for more than 12 months, and noted bank reconciliations had no outstanding items greater than 12 months.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Collections

4. Prior year testing resulted in no exceptions related to collections. Therefore, testing is not required in the current year.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

5. Prior year testing resulted in no exceptions related to non-payroll disbursements. Therefore, testing is not required in the current year.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

6. Prior year testing resulted in no exceptions related to credit cards/debit cards/fuel cards/p-cards. Therefore, testing is not required in the current year.

Travel and Expense Reimbursement

7. Prior year testing resulted in no exceptions related to travel and expense reimbursement. Therefore, testing is not required in the current year.

Contracts

8. Prior year testing resulted in no exceptions related to contracts. Therefore, testing is not required in the current year.

Payroll and Personnel

9. Prior year testing resulted in no exceptions related to payroll and personnel. Therefore, testing is not required in the current year.

Ethics

10. Prior year testing resulted in no exceptions related to ethics. Therefore, testing is not required in the current year.

Debt Service

11. Prior year testing resulted in no exceptions related to debt service. Therefore, testing is not required in the current year.

Other

12. Prior year testing resulted in no exceptions related to other areas. Therefore, testing is not required in the current year.

We are not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditors as a public document.

A handwritten signature in black ink that reads "Bourgeois Bennett, L.L.C." in a cursive script.

Certified Public Accountants.

New Orleans, Louisiana,
June 10, 2019.