

**WEST BATON ROUGE MUSEUM
A COMPONENT UNIT OF THE WEST BATON ROUGE
PARISH COUNCIL
PORT ALLEN, LOUISIANA**

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2018

**WEST BATON ROUGE MUSEUM
A COMPONENT UNIT OF THE WEST BATON ROUGE PARISH COUNCIL
TABLE OF CONTENTS
DECEMBER 31, 2018**

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-3
BASIC FINANCIAL STATEMENTS	4
Statement of Net Position	5
Statement of Activities	6
Balance Sheet – Governmental Fund – General Fund	7
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund – General Fund	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balance of the Governmental Funds to the Statement of Activities	9
NOTES TO THE FINANCIAL STATEMENTS	10-24
REQUIRED SUPPLEMENTARY INFORMATION	25
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (GAAP Basis)	26
SUPPLEMENTARY INFORMATION	27
Schedule of Compensation, Benefits and Other Payments	28
REPORTS REQUIRED BY <i>GOVERNMENT AUDITING STANDARDS</i>	29
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based On An Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	30-31
Schedule of Findings and Responses	32-33
Schedule of Prior Year Findings	34
INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED- UPON PROCEDURES	35-46

BAXLEY AND ASSOCIATES, LLC

P. O. Box 482
58225 Belleview Drive
Plaquemine, Louisiana 70764
Phone (225) 687-6630 Fax (225) 687-0365

Hugh F. Baxley, CPA/CGMA/CVA
Margaret A. Pritchard, CPA/CGMA
Matthew L. Berthelot, CPA

Staci H. Joffrion, CPA/CGMA

Members of the Board of Directors
West Baton Rouge Museum
Port Allen, Louisiana

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of the West Baton Rouge Museum, a component unit of West Baton Rouge Parish Council, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Museum's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Basis for Qualified Opinion on Governmental Activities

As explained in Note R, the West Baton Rouge Museum did not adopt the provision of GASB 68 as amended by GASB 71, "*Pension Transition for Contributions made Subsequent to the Measurement Date – An Amendment of GASB Statement 68.*" These statements require that the Museum recognize, within the governmental activities financial statements, net pension liability, deferred inflows of resources, and deferred outflows of resources related to its participation in the Parochial Employees Retirement System of Louisiana, a cost-sharing, multiple employer, defined benefit plan. The amount by which this departure would affect deferred outflows, deferred inflows, net position, and expense of the governmental activities has not been determined.

INDEPENDENT AUDITOR'S REPORT (continued)

Qualified Opinion

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Governmental Activities" paragraph, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities of the West Baton Rouge Museum, a component unit of West Baton Rouge Parish Council, as of December 31, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis, the schedule of proportionate share of the net pension liability, and schedule of contributions that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate, operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the West Baton Rouge Museum's basic financial statements. The Schedule of Compensation, Benefits and Other Payments to Agency Head is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Compensation, Benefits and Other Payments to Agency Head is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits and Other Payments to Agency Head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT (continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2019 on our consideration of the Museum's internal control over financial reporting and on our tests of its compliance with certain provisions, laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Museum's internal control over financial reporting and compliance.

Baxley & Associates, LLC

Plaquemine, Louisiana

June 14, 2019

BASIC FINANCIAL STATEMENTS

**WEST BATON ROUGE MUSEUM
A COMPONENT UNIT OF THE WEST BATON ROUGE PARISH COUNCIL
STATEMENT OF NET POSITION
DECEMBER 31, 2018**

	Governmental Activities
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 46,234
Investments - LAMP	833,139
Investments - certificates of deposit	260,678
Taxes receivable	792,252
Intergovernmental receivable	3,612
Grant receivables	23,085
Prepaid expense	4,768
Inventory	2,136
Total Current Assets	1,965,904
Non-current Assets:	
Restricted cash and cash equivalents	10,136
Restricted investments - LAMP	21,215
Capital assets, net of accumulated depreciation	1,048,578
Total Non-current Assets	1,079,929
TOTAL ASSETS	\$ 3,045,833
LIABILITIES	
Current Liabilities:	
Accounts payable	\$ 3,855
Accrued salaries payable	18,670
Intergovernmental payable	28,488
Unearned revenue - grants and donations	30,648
Total Current Liabilities	81,661
Non-current Liabilities:	
Accrued compensated absences	114,611
Total Non-current Liabilities	114,611
TOTAL LIABILITIES	196,272
DEFERRED INFLOWS	
Deferred Ad Valorem taxes	855,915
Deferred state revenue sharing	5,418
TOTAL DEFERRED INFLOWS	861,333
NET POSITION	
Net invested in capital assets	1,048,578
Restricted - Grants and donations	31,351
Unrestricted	908,299
TOTAL NET POSITION	\$ 1,988,228

The accompanying notes are an integral part of this statement.

WEST BATON ROUGE MUSEUM
A COMPONENT UNIT OF THE WEST BATON ROUGE PARISH COUNCIL
STATEMENT OF ACTIVITIES
DECEMBER 31, 2018

	<u>Program Revenues</u>			Net Governmental Activities
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities:				
General Government	\$ 937,934	62,084	46,179	-
	<u>937,934</u>	<u>62,084</u>	<u>46,179</u>	<u>-</u>
Total Governmental Activities	<u>937,934</u>	<u>62,084</u>	<u>46,179</u>	<u>-</u>
General Revenues:				
				767,448
				5,280
				26,023
				<u>25,923</u>
			Total General Revenues	<u>824,674</u>
			Change in Net Position	(4,997)
			Net Position at the Beginning of Year	<u>1,993,225</u>
			Net Position at End of Year	<u>\$ 1,988,228</u>

The accompanying notes are an integral part of this statement.

WEST BATON ROUGE MUSEUM
A COMPONENT UNIT OF THE WEST BATON ROUGE PARISH COUNCIL
BALANCE SHEET
GOVERNMENTAL FUND - GENERAL FUND
DECEMBER 31, 2018

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 46,234
Investments - LAMP	833,139
Investments - certificates of deposit	260,678
Taxes receivable	792,252
Intergovernmental receivable	3,612
Grant receivables	23,085
Prepaid expenses	4,768
Restricted assets:	
Cash and cash equivalents	10,136
Investments - LAMP	21,215
Inventory	2,136
TOTAL ASSETS	\$ 1,997,255
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	
Current Liabilities:	
Accounts payable	\$ 3,855
Accrued salaries	18,670
Intergovernmental payable	28,488
Unearned revenue - grants and donations	30,648
	81,661
Deferred Inflows	
Deferred Ad Valorem taxes	855,915
Deferred state revenue sharing	5,418
	861,333
Fund Balance:	
Nonspendable - Prepays	4,768
Restricted - Grants and donations	31,351
Unassigned	1,018,142
Total Fund Balances - Governmental Fund	\$ 1,054,261
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.	1,048,578
Long-term liabilities are not due and payable in the current period and therefore are not reported in these funds.	(114,611)
Net position of governmental activities	\$ 1,988,228

The accompanying notes are an integral part of this statement.

WEST BATON ROUGE MUSEUM
A COMPONENT UNIT OF THE WEST BATON ROUGE PARISH COUNCIL
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

REVENUES

Ad valorem taxes	\$ 795,936
State revenue sharing	5,280
Grants	
Other	42,835
Gifts and donations	3,345
Fees and charges	54,236
Gift shop sales	7,848
Advertising reimbursement	25,923
Interest Income	26,023
TOTAL REVENUES	<u>961,426</u>

EXPENDITURES

Culture & Recreation:	
Salaries	436,130
Payroll taxes	16,172
Fringe	107,658
Travel	11,473
Operating services	231,046
Materials and supplies	64,763
Intergovernmental	28,488
Capital outlay	58,342
TOTAL EXPENDITURES	<u>954,072</u>

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

7,354

FUND BALANCE AT BEGINNING OF YEAR **1,046,907**

FUND BALANCE AT END OF YEAR **\$ 1,054,261**

The accompanying notes are an integral part of this statement.

WEST BATON ROUGE MUSEUM
A COMPONENT UNIT OF THE WEST BATON ROUGE PARISH COUNCIL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The West Baton Rouge Museum (the Museum) is a general museum (history and art) which largely deals with the past and present activities of West Baton Rouge Parish. Permanent and temporary exhibits are housed at the museum, illustrating the area's history and art, both from this area and further afield. Six historic buildings are also on site and are part of the interpretive program. Numerous educational programs and workshops are held throughout the year.

The West Baton Rouge Museum Board was established by Act 120 of the Louisiana Legislature in 1991, under the provision of Louisiana Revised Statutes 25:1201 through 25:1213.

The 2013 census of the population of West Baton Rouge Parish was 24,573. The Museum has about twenty thousand visitors annually and employs approximately 6 full time employees and 9 part-time employees.

Financial Reporting Entity

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the West Baton Rouge Museum is considered a component unit of West Baton Rouge Parish Council. As a component unit, the accompanying financial statements are included within the reporting of the primary government, either blended into those financial statements or separately reported as discrete component units.

Basis of Presentation

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the West Baton Rouge Museum. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**WEST BATON ROUGE MUSEUM
A COMPONENT UNIT OF THE WEST BATON ROUGE PARISH COUNCIL
NOTES TO FINANCIAL STATEMENTS**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All individual governmental funds are reported as separate columns in the fund financial statements.

Basis of Accounting, Measurement Focus, and Financial Statement Presentation

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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property taxes, grant, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The West Baton Rouge Museum reports the following governmental fund:

The General Fund is the entity's primary operating fund. It accounts for all financial resources of the entity, except those required to be accounted for in another fund.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the entity's policy to use restricted resources first, then unrestricted resources as they are needed.

Receivables and Payables

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

**WEST BATON ROUGE MUSEUM
A COMPONENT OF UNIT OF THE WEST BATON ROUGE PARISH COUNCIL
NOTES TO FINANCIAL STATEMENTS**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deposits and Investments

The entity's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the West Baton Rouge Museum's investment policy allow the entity to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

Inventories and Prepaid Items

Inventories of gift shop items are recorded on the lower of cost or market method. Immaterial supplies in the governmental funds are recorded as expenditures when purchased rather than when consumed.

Certain payment to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost (the extent to which fixed asset costs have been estimated and the methods of estimation should be disclosed) if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation.

The West Baton Rouge Museum maintains a threshold level of \$1,000 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Building Improvements	40 years
Furniture and Fixtures	5-10 years
Vehicles	5-10 years
Equipment	5-10 years

**WEST BATON ROUGE MUSEUM
A COMPONENT UNIT OF THE WEST BATON ROUGE PARISH COUNCIL
NOTES TO FINANCIAL STATEMENTS**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Assets

Restricted assets include cash and cash equivalents and investments that are donor restricted or restricted by grants as to their use.

Compensated Absences

The West Baton Rouge Museum's recognition and measurement criteria for compensated absences is as follows:

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

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

Unused sick leave is paid only upon retirement.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported in the governmental fund financial statements.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Museum does not have an item that meets this criterion. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to future periods and so will not be recognized as revenue until then. The Museum has two items that meet the criterion for this category – property taxes and state revenue sharing. The governmental funds report unavailable revenue from property taxes, state revenue sharing and unfulfilled grants. These amounts are deferred and recognized as an inflow of resources in the period that amounts become available.

**WEST BATON ROUGE MUSEUM
A COMPONENT UNIT OF THE WEST BATON ROUGE PARISH COUNCIL
NOTES TO FINANCIAL STATEMENTS**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity Classifications

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

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

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

- 1) Non-spendable – This classification includes amounts that cannot be spent because they are either (a) not spendable form or (b) legally or contractually required to be maintained intact. Management has classified prepaid expenditures as being non-spendable as this item is not expected to be converted to cash.
- 2) Restricted – This classification included amounts for which constraints have been placed on the use of resources that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation.
- 3) Committed – This classification includes amount that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the Museum. These amounts cannot be used for any other purpose unless the board of directors removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Museum did not have any committed resources as of year-end.

**WEST BATON ROUGE MUSEUM
A COMPONENT UNIT OF THE WEST BATON ROUGE PARISH COUNCIL
NOTES TO FINANCIAL STATEMENTS**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 4) Assigned – This classification includes spendable amounts that are reported in governmental funds other than the General Fund, that are neither restricted nor committed, and amounts in the General Fund that are intended to be used for a specific purpose in accordance with the provisions of GASB Statement 54. The intent of an assigned fund balance should be expressed by the Museum that has the authority to assign amounts to be used for specific purposes. The Museum’s management has not assigned any amounts at year-end.

- 5) Unassigned – This classification is the residual fund balance for the General Fund. It also represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

At December 31, 2018, fund balances were composed of the following:

Non-spendable - prepaids	\$ 4,768
Restricted - grants and donations	31,351
Unassigned	<u>1,018,142</u>
Total Fund Balance	<u>\$ 1,054,261</u>

Estimates

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

Budget and Budgetary Accounting

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

- 1) Annually in the fall of each year, the Museum’s management submits a proposed operation budget for the general fund prepared on the GAAP basis to the Board of Directors for adoption.

- 2) After the Board adopts the budget in the fall, the budget is sent to the West Baton Rouge Parish Council who conducts a public hearing on the budget, which must be adopted by December 15. At year end, public notices affording the public the opportunity to participate in the budget process, appear in the December issues of the West Side Journal, the official journal of the parish.

**WEST BATON ROUGE MUSEUM
A COMPONENT UNIT OF THE WEST BATON ROUGE PARISH COUNCIL
NOTES TO FINANCIAL STATEMENTS**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 3) All budgetary appropriations (unexpected budget balances) lapse at the end of each fiscal year.
- 4) There are no outstanding encumbrances.
- 5) The GAAP basis is used in preparing and reporting the budgets and those funds not budgeted.
- 6) The Museum Board will meet time to time to make changes or amendments within the various budget categories.

NOTE B – LEVIED TAXES

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

	Authorized Millage	Levied Millage
Parishwide taxes:		
Museum	2.00	2.00

The gross assessed value for the tax year 2018 on the certified roll was \$475,467,180. After applying homestead exemptions and other reductions of \$47,509,960, the net assessed value upon which the Museum’s property tax was computed was \$427,957,220. 2.0 mills is the maximum amount the Museum may legally elect to assess property owners each year. The Museum’s management elected to have the Parish assess the maximum millage for tax year 2018. Accordingly, management estimated the initial gross amount of property tax payable, excluding back tax settlements and uncollectible amounts, to the Museum for this fiscal year to approximately \$855,915.

Property taxes are considered delinquent if not paid by December 31. Most of the property taxes are collected during the months of December, January, and February. The West Baton Rouge Parish Sheriff acts as the collecting agent for the Parish’s property taxes. The Sheriff will have a “tax sale” each year to collect as much of the taxes due as possible. The tax sale date for West Baton Rouge Parish for the 2018 tax assessment will be in May 2019, and the lien date was December 31, 2018.

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

WEST BATON ROUGE MUSEUM
A COMPONENT UNIT OF THE WEST BATON ROUGE PARISH COUNCIL
NOTES TO FINANCIAL STATEMENTS

NOTE B – LEVIED TAXES (CONTINUED)

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

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
The Dow Chemical Co.	Chemical	\$ 73,244,640	15.40%
ExxonMobil Production Co.	Oil Storage	37,815,460	8.00%
Placid Refining Company	Refinery	15,551,870	3.30%
Total		<u>\$ 126,611,970</u>	<u>26.70%</u>

Property tax revenues of \$795,936 on the fund financial Statement of Revenues, Expenditures, and Changes in Fund Balance were not reduced by \$28,488 withheld by the Sheriff for “on-behalf payments for fringe benefits” which represented the Museum’s pro rate share of pension plan contributions for other government agencies. Instead, the \$28,488 was presented as intergovernmental expenditures. In contrast, for purposes of the government-wide Statement of Activities, property tax revenues of \$795,936 were reduced by \$28,488 of on-behalf payments to present a net amount of \$767,448 for general revenues. See Note M to these financial statements for more information.

NOTE C – CASH, CASH EQUIVALENTS AND INVESTMENTS

Under state law, the Museum may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Museum may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Balances at December 31, 2018 are as follows:

	<u>Book</u>	<u>Bank</u>
Cash and cash equivalents		
Unrestricted	\$ 45,934	\$ 61,935
Restricted	10,136	10,136
Certificates of Deposit - Investments		
Unrestricted	260,678	260,678
LAMP		
Unrestricted	833,139	833,139
Restricted	21,215	21,215
	<u>\$ 1,171,102</u>	<u>\$ 1,187,103</u>
Petty cash	300	
	<u>\$ 1,171,402</u>	

**WEST BATON ROUGE MUSEUM
A COMPONENT UNIT OF THE WEST BATON ROUGE PARISH COUNCIL
NOTES TO FINANCIAL STATEMENTS**

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

The cash deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Custodial Credit Risk - At December 31, 2018, \$72,071 of the cash and cash equivalents was fully insured by FDIC. Of the \$260,678, cash balances held at credit unions, \$250,000 was fully insured by NCUA, and \$10,678 was collateralized with securities held by the counter party, or by its trust department or agent, but not in the Museum's name.

Interest Rate Risk – The Museum has adopted the state investment policy at LA RS 49:327. The Board invests in investments with maturities limited to three years as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of credit risk – The Museum places no limits on the amount that they may invest in any one issuer.

Investments are categorized into these three categories of credit risk:

- 1) Insured or registered, or securities held by the Museum or its agent in the Museum's name.
- 2) Uninsured and unregistered, with securities held by the counter party's trust department or agent in the Museum's name.
- 3) Uninsured and unregistered, with securities held by the counter party, or by its trust department or agent, but not in the Museum's name.

Investment securities are carried at fair value based on quoted prices in active markets (Level 1) and consist of the following at December 31, 2018:

	Level 1		Maturity Date	Interest Rate
	Fair Value	Cost		
Louisiana Asset Management Pool (LAMP)	\$ 854,354	\$ 854,354	NA	1.30%-2.50%
Certificate of Deposit - BR Telco Federal Credit Union	\$ 260,678	\$ 240,000	2/21/2019	1.30%
Total investments	<u>\$ 1,115,032</u>	<u>\$ 1,094,354</u>		

**WEST BATON ROUGE MUSEUM
A COMPONENT UNIT OF THE WEST BATON ROUGE PARISH COUNCIL
NOTES TO FINANCIAL STATEMENTS**

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

The Museum had \$854,354 deposited in LAMP.

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

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

LAMP is an investment pool that, to the extent practical, invest in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

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

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

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

Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM of LAMP's total investments is 76 as of December 31, 2018.

Foreign currency risk: Not applicable.

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

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

**WEST BATON ROUGE MUSEUM
A COMPONENT UNIT OF THE WEST BATON ROUGE PARISH COUNCIL
NOTES TO FINANCIAL STATEMENTS**

NOTE D – RESTRICTED ASSETS

The Museum had the following donor restricted assets at December 31, 2018:

Curruth Foundation	\$ 29,001
Rotary Club	<u>2,350</u>
	<u>\$ 31,351</u>

NOTE E – RECEIVABLES

The receivables of \$818,949 at December 31, 2018 are as follows:

<u>Class of Receivable</u>	
Taxes:	
Ad valorem	\$ 792,252
State revenue sharing	3,612
Other:	
Grants	<u>23,085</u>
Total	<u>\$ 818,949</u>

Receivables are written-off under the direct write-off method whereby bad debts are recorded when a receivable is deemed uncollectible. If they are subsequently collected, they are recorded as miscellaneous income. The direct charge off method is not a material departure from GAAP as it approximates the valuation method.

NOTE F – PREPAID EXPENSES

One exhibit was secured by contract in 2016. A deposit of \$957 was paid in 2016 and subsequent payments of \$717 as outlined in the contract were paid in 2017 and 2018 and will be paid in 2019. One new exhibit was secured by contract in 2018. The new exhibit was paid in full and will commence in September 2019. The Museum recognized \$4,768 of prepaid expenses representing the total contract amounts at December 31, 2018. Both exhibits will arrive at the Museum in 2019.

**WEST BATON ROUGE MUSEUM
A COMPONENT UNIT OF THE WEST BATON ROUGE PARISH COUNCIL
NOTES TO FINANCIAL STATEMENTS**

NOTE G – CAPITAL ASSETS

Capital asset and depreciation activity for the year ended December 31, 2018 was as follows:

	<u>Balance 1/1/2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2018</u>
Governmental Activities:				
Buildings and improvements	\$ 1,188,799	\$ 17,309	\$ -	\$ 1,206,108
Furniture and equipment	243,560	41,033	-	284,593
Construction in progress	-	-	-	-
Total	<u>1,432,359</u>	<u>58,342</u>	<u>-</u>	<u>1,490,701</u>
Less: Accumulated Depreciation:				
Buildings and improvements	232,982	39,225	-	272,207
Furniture and equipment	153,785	16,131	-	169,916
Construction in progress	-	-	-	-
Total	<u>386,767</u>	<u>55,356</u>	<u>-</u>	<u>442,123</u>
Net Capital Assets	<u><u>\$ 1,045,592</u></u>	<u><u>\$ 2,986</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,048,578</u></u>

NOTE H – COMPENSATED ABSENCES

The following is a summary of accumulated leave privileges for the year ended December 31, 2018:

Balance at 12-31-17	\$ 99,274
Increase (decrease) in accumulated sick leave	<u>15,337</u>
Balance at 12-31-18	<u><u>\$ 114,611</u></u>

NOTE I – DEFERRED INFLOWS

The Museum had the following deferred inflows at December 31, 2018:

Deferred ad valorem taxes	\$ 855,915
Deferred state revenue sharing	<u>5,418</u>
Total	<u><u>\$ 861,333</u></u>

**WEST BATON ROUGE MUSEUM
A COMPONENT UNIT OF THE WEST BATON ROUGE PARISH COUNCIL
NOTES TO FINANCIAL STATEMENTS**

NOTE J – RETIREMENT SYSTEM

Plan Description

Substantially all of the Museum's full-time employees are members of the Parochial Employees' Retirement System of Louisiana (System), a multiple-employer, public employee retirement system (PERS), controlled and administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Museum are members of Plan A. All permanent Museum employees working at least 28 hours a week who are paid wholly or in part from parish funds are eligible to participate in the System. The System issued a stand-alone audit report on its financial statements for the year ended December 31, 2017. Access to the audit report can be found on the System's website: www.persla.org or on the Office of Louisiana Legislative Auditor's official website: www.lla.state.la.us.

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

For employees hired prior to January 1, 2007:

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

For employees hired after January 1, 2007:

1. Age 55 with 30 years of service.
2. Age 62 with 10 years of service.
3. Age 67 with 7 years of service.

Generally, the monthly amount of the retirement allowance of any member of Plan A shall consist of an amount equal to 3% of the member's final average compensation multiplied by his/her years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

Under the plan, members are required by state statute to contribute 9.5% of their annual covered salary and the Museum is required to contribute at an actuarially determined rate. The current rate is 11.5% of annual covered payroll. The contribution requirements of plan members and the Museum are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Museum's contributions to the System under Plan A for the years ending December 31, 2018, 2017, and 2016, were \$37,309, \$36,935, and \$36,013, \$39,343, respectively, equal to the required contributions for each year.

NOTE K – OTHER POSTEMPLOYMENT BENEFITS

The Museum does not offer any post-retirement benefits.

**WEST BATON ROUGE MUSEUM
A COMPONENT UNIT OF THE WEST BATON ROUGE PARISH COUNCIL
NOTES TO FINANCIAL STATEMENTS**

NOTE L – NET POSITION/FUND EQUITY

A portion of Net Position on the Statement of Net Position and Fund Balance on the Balance Sheet has been classified as restricted. This represents unspent donor restricted grants.

NOTE M – ON-BEHALF PAYMENTS

Because the Museum is one of several governmental agencies receiving proceeds from a property tax assessment, state law (R.S. 11:82) requires the Museum to bear a pro-rata share of the pension expense relating to state and statewide public retirement systems. The Museum’s pro-rata share of the required contribution was \$28,488 that was withheld by the West Baton Rouge Parish Sheriff from property tax collections to satisfy the Museum’s obligation. The Sheriff withholds the entire amount of this obligation in January each year even though some of the property taxes may never be collected.

The \$28,488 withheld by the Sheriff has been included as part of “intergovernmental” expenditures of the General Fund in these financial statements. Further described in Note B, the Museum has increased its property tax revenue by the same amount of this intergovernmental expenditure.

NOTE N – COMPENSATION PAID TO THE BOARD

In compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature, compensation paid to board members is as follows:

Thomas Acosta, Chair	\$	-
Mary Bennett		-
Barry Brewer, Vice-Chair		-
Ellis Gauthier		-
Mark Graffeo		-
Garry Hubble		-
Claire Sarradet, Treasurer		-
David Toups		-
Evva L.Z. Wilson, Secretary		-
Phil Porto, Jr.		-
	\$	-

NOTE O – JUDGMENTS, CLAIMS, AND SIMILAR CONTINGENCIES

There was no litigation pending against the Museum at December 31, 2018. The Museum’s management believes that any potential lawsuits would be covered by insurance or resolved without any material impact upon the Museum’s financial statements. No claims were paid out or litigation costs incurred during the year ended December 31, 2018.

**WEST BATON ROUGE MUSEUM
A COMPONENT UNIT OF THE WEST BATON ROUGE PARISH COUNCIL
NOTES TO FINANCIAL STATEMENTS**

NOTE P – RISK MANAGEMENT

The Museum is exposed to various risk of loss related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Museum has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. There have been no significant reductions in coverage for the year. The Museum purchased additional insurance to cover disasters for the Barn, Arbroth Store, three Allendale cabins and the Reed House. No settlements were made during the year that exceeded the Museum's coverage.

NOTE Q – SUBSEQUENT EVENTS

These financial statements considered subsequent events through June 14, 2019, the date the financial statements were available to be issued and determined that there were no events that require disclosure.

NOTE R – NET PENSION LIABILITY

Generally accepted accounting principles require the Museum to recognize the difference between the actuarial total pension liability and the fair value of the legally restricted plan asset to its participation in the Parochial Employees' Retirement System of Louisiana, a cost-sharing, multiple employer defined benefit plan, as a net pension liability on the statement of net position. In addition, the Museum is required to recognize its share of the deferred outflows and deferred inflows associated with its participation in the plan. However, because the Museum employees participate under the umbrella of the West Baton Rouge Parish Council (of which they are a component unit), their share of the net pension liability, deferred inflow and outflows are included in the West Baton Rouge Parish Council's financial statements. Information specific to the Museum needed to implement these accounting changes was not readily available. As such, the West Baton Rouge Museum did not adopt the provisions of as required by generally accepted accounting principles. Information related to the participation in the retirement plan can be found in the financial statements of the West Baton Rouge Parish Council as of December 31, 2018.

REQUIRED SUPPLEMENTARY INFORMATION

WEST BATON ROUGE MUSEUM
A COMPONENT OF THE WEST BATON ROUGE PARISH COUNCIL
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUE				
Ad valorem taxes	\$ 754,000	\$ 754,000	\$ 795,936	\$ 41,936
State revenue sharing	5,000	5,000	5,280	280
Grants	7,000	7,000	42,835	35,835
Fees and charges	45,000	45,000	54,236	9,236
Gift shop sales	6,000	6,000	7,848	1,848
Advertising reimbursement	2,000	2,000	25,923	23,923
Interest income	5,400	5,400	26,023	20,623
Gifts and donations	1,000	1,000	3,345	2,345
Miscellaneous income	70,000	-	-	-
TOTAL REVENUES	<u>895,400</u>	<u>825,400</u>	<u>961,426</u>	<u>136,026</u>
EXPENDITURES				
Culture & Recreation:				
Salaries	450,000	450,000	452,302	(2,302)
Fringe	116,000	116,000	107,658	8,342
Travel	15,000	15,000	11,473	3,527
Operating services	204,100	204,100	231,046	(26,946)
Material and supplies	53,300	53,300	64,763	(11,463)
Intergovernmental	-	-	28,488	(28,488)
Capital outlay	55,000	55,000	58,342	(3,342)
TOTAL EXPENDITURES	<u>893,400</u>	<u>893,400</u>	<u>954,072</u>	<u>(60,672)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	2,000	(68,000)	7,354	75,354
FUND BALANCE, BEGINNING OF YEAR	<u>1,046,907</u>	<u>1,046,907</u>	<u>1,046,907</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,048,907</u>	<u>\$ 978,907</u>	<u>\$ 1,054,261</u>	<u>\$ 75,354</u>

SUPPLEMENTARY INFORMATION

WEST BATON ROUGE MUSEUM
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2018

Agency Head Name: Angelique Bergeron

<u>PURPOSE</u>	<u>AMOUNT</u>
Salary	\$ 75,017
Benefits - insurance	19,405
Benefits - retirement	8,627
Travel	799
Registration fees	300
Conference Travel	1,129
Continuing education fees	-
Reimbursements	303
Special meals	80
TOTAL	\$ 105,660

REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

BAXLEY AND ASSOCIATES, LLC

P. O. Box 482
58225 Belleview Drive
Plaquemine, Louisiana 70764
Phone (225) 687-6630 Fax (225) 687-0365

Hugh F. Baxley, CPA/CGMA/CVA
Margaret A. Pritchard, CPA/CGMA
Matthew L. Berthelot, CPA

Staci H. Joffrion, CPA/CGMA

SCHEDULE 1

Members of the Board of Directors
West Baton Rouge Museum
Port Allen, Louisiana

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

We have audited, in accordance with the 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 of the United States, the financial statements of the governmental activities of West Baton Rouge Museum, a component unit of the West Baton Rouge Parish Council, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the West Baton Rouge Museum's basic financial statements and have issued our report thereon dated June 14, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Museum'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 Museum's internal control. Accordingly, we do not express an opinion on the effectiveness of the Museum'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 entity'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.

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

Our consideration of internal control 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2018-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Museum'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2018-002.

West Baton Rouge Museum's Response to Findings

West Baton Rouge Museum's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. West Baton Rouge Museum's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document. Accordingly, this communication is not suitable for any other purpose.

Baxley & Associates, LLC

Plaquemine, Louisiana
June 14, 2019

**WEST BATON ROUGE MUSEUM
A COMPONENT UNIT OF THE WEST BATON ROUGE PARISH COUNCIL
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2018**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses a qualified opinion on the financial statements of the West Baton Rouge Museum.
2. Two significant deficiencies relating to the audit of the financial statements is reported in the Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of the West Baton Rouge Museum.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

2018-001: SEGREGATION OF DUTIES

Condition:

The Museum does not have an adequate segregation of duties at its office. While we recognize that the Museum may not be large enough to permit an adequate segregation of duties for an effective system of internal control procedures, it is important that you be aware of this condition. This is a repeat finding.

Criteria:

An important element in designing an internal accounting control system that safeguards assets and reasonably insures the reliability of the accounting records is the concept of segregation of responsibilities.

Effect:

No one person should be assigned duties that would allow that person to commit an error or perpetrate fraud and to conceal the error or fraud. For example, the same person should not be responsible for any two of the following functions: (1) authorization of a transaction, (2) recording of the transactions, or (3) custody of assets involved in the transaction.

Recommendation:

The entity should have a proper segregation of duties.

Management's Response:

In 2018, the West Baton Rouge Museum board approved new Financial Policies and Procedures. We are attempting to address the repeat finding of segregation of duties by designating a frontline employee to make deposits and mail checks that are prepared by the Assistant Director of Administration and authorized by the Director.

WEST BATON ROUGE MUSEUM
A COMPONENT UNIT OF THE WEST BATON ROUGE PARISH COUNCIL
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2018

2018-002: BUDGET

Condition:

In the Museum's general fund, budgeted expenditures exceeded actual expenditures by 6%.

Criteria:

Louisiana Revised Statute 39:1310 requires that budgets be adopted for the General Fund and amendments be made and properly adopted when variance to budget amounts are in excess of five (5) percent. Management did not properly project expenditures when preparing the amendments to the budget thus causing a budget variance of greater than five (5) percent.

Effect:

The condition has no effect on the financial statements of the Museum.

Recommendation:

We recommend that management implement procedures to monitor budget to actual comparisons and amend budgets as necessary to comply with the Louisiana Local Government Budget Act.

Management's Response:

We will continue to monitor and review the budget and amend as necessary. We will work more closely with a budget advisor to ensure proper budgeting practices.

**WEST BATON ROUGE MUSEUM
A COMPONENT UNIT OF THE WEST BATON ROUGE PARISH COUNCIL
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018**

2017-001: SEGREGATION OF DUTIES

Condition:

The Museum does not have an adequate segregation of duties at its office. While we recognize that the Museum may not be large enough to permit an adequate segregation of duties for an effective system of internal control procedures, it is important that you be aware of this condition. This is a repeat finding.

Recommendation:

The entity should have a proper segregation of duties.

Current Status:

This condition still exists in the current year.

2017-002: BUDGET

Condition:

In the Museum's general fund, budgeted expenditures exceeded actual expenditures by 6%.

Recommendation:

We recommend that management implement procedures to monitor budget to actual comparisons and amend budgets as necessary to comply with the Louisiana Local Government Budget Act.

Current Status:

This condition still exists in the current year.

2017-003: OPERATING POLICIES AND PROCEDURES

Condition:

The Museum has not adopted written policies and procedures in the following areas: budgeting, purchasing, disbursements, receipts, payroll, contracting, credit cards, ethics, and debt service.

Recommendation:

The Museum should develop written operating policies and procedures in the areas noted above.

Current Status:

This finding was corrected in the current year.

**WEST BATON ROUGE MUSEUM
INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES
FOR THE YEAR ENDED DECEMBER 31, 2018**

BAXLEY AND ASSOCIATES, LLC

P. O. Box 482
58225 Belleview Drive
Plaquemine, Louisiana 70764
Phone (225) 687-6630 Fax (225) 687-0365

Hugh F. Baxley, CPA/CGMA/CVA
Margaret A. Pritchard, CPA/CGMA
Matthew L. Berthelot, CPA

Staci H. Joffrion, CPA/CGMA

To the Members of the Board of Directors
West Baton Rouge Museum
Port Allen, Louisiana
And the Louisiana Legislative Auditor's Office

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the West Baton Rouge Museum and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2018 through December 31, 2018. The West Baton Rouge Museum's management is responsible for those control and compliance areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. 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 described below 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. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Findings:

We reviewed the written policies and procedures for the related functions listed in the above procedure.

No exceptions were noted as a result of applying the procedure.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.
 - c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Findings:

No exceptions were noted as a result of applying the above procedure.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly 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 selected each account, and observe that:
 - 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);
 - b) Bank reconciliations include evidence that a member of management/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
 - 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, if applicable.

Findings:

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees that procedures do not need to be performed in this category.

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Findings:

We obtained a listing of deposit sites and a representation from management that the listing was complete.

No exceptions were noted as a result of applying the procedure.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Findings:

We obtained a listing of collection locations for each deposit site and a representation from management that the listing was complete. During testing, we obtained written documentation in relation to the areas noted above.

No exceptions were noted as a result of applying the procedure.

- 6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Findings:

All employees who have access to cash are covered by a bond or insurance policy for theft.

No exceptions were noted as a result of applying the procedure.

- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
- e) Trace the actual deposit per the bank statement to the general ledger.

Findings:

No exceptions were noted as a result of applying the procedure.

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

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Findings:

We obtained a listing of locations that process payments and management's representation that the listing is complete.

No exceptions were noted as a result of applying the procedure.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Findings:

We obtained a listing of employees involved with non-payroll purchasing and payment functions. We obtained written policies in relation to the areas noted above.

There were no exceptions noted in categories (a), (b), and (c).

There was an exception noted in category (d) where the employee who is responsible for processing payments does mail checks.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Findings:

No exceptions were noted as a result of applying the procedure.

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Findings:

We obtained a listing of all active credit cards, bank debit cards, fuel cards, and P-cards for the fiscal period and management's representation that the listing is complete.

No exceptions were noted as a result of applying the procedure.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.

Findings:

The listing provided by the Museum showed three cards, so we selected all three to test. All three of the statements had evidence of management's review and approval. Two cards were reviewed by someone other than the authorized card holder, while one card was only approved by the authorized card holder.

There were no finance charges and late fees assessed on the selected statements.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Findings:

No exceptions were noted as a result of applying the procedure.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
 - a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Findings:

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees that procedures do not need to be performed in this category.

Contracts

- 15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
 - a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Findings:

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees that procedures do not need to be performed in this category.

Payroll and Personnel

- 16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Findings:

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees that procedures do not need to be performed in this category.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Findings:

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees that procedures do not need to be performed in this category.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

Findings:

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees that procedures do not need to be performed in this category.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Findings:

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees that procedures do not need to be performed in this category.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:
- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Findings:

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees that procedures do not need to be performed in this category.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

Findings:

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees that procedures do not need to be performed in this category.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Findings:

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees that procedures do not need to be performed in this category.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Findings:

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees that procedures do not need to be performed in this category.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Findings:

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees that procedures do not need to be performed in this category.

We were 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 LLA as a public document.

Baxley & Associates, LLC

Plaquemine, Louisiana
June 14, 2019

WEST BATON ROUGE MUSEUM

Management's Response to Statewide Agreed-Upon Procedures For the Year Ended December 31, 2018

Management's Response to Items:

8. The employee responsible for signing checks will either mail the checks or give them to another employee to mail who is not responsible for processing payments.

12. The West Baton Rouge Museum treasurer will review all credit card statements.