

**WEST BATON ROUGE MUSEUM
A COMPONENT UNIT OF THE WEST BATON ROUGE
PARISH COUNCIL
PORT ALLEN, LOUISIANA
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2017**

**WEST BATON ROUGE MUSEUM
A COMPONENT UNIT OF THE WEST BATON ROUGE PARISH COUNCIL
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DECEMBER 31, 2017**

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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, 2017, 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, 2017, 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 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 8, 2018 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 8, 2018

BASIC FINANCIAL STATEMENTS

WEST BATON ROUGE MUSEUM
A COMPONENT UNIT OF THE WEST BATON ROUGE PARISH COUNCIL
STATEMENT OF NET POSITION
DECEMBER 31, 2017

	Governmental Activities
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 29,111
Investments - LAMP	666,869
Investments - certificates of deposit	515,155
Taxes receivable	687,015
Intergovernmental receivable	3,520
Other receivables	3,375
Prepaid expense	8,119
Inventory	3,848
Total Current Assets	1,917,012
Non-current Assets:	
Restricted cash and cash equivalents	29,660
Capital assets, net of accumulated depreciation	1,045,592
Total Non-current Assets	1,075,252
TOTAL ASSETS	\$ 2,992,264
LIABILITIES	
Current Liabilities:	
Accounts payable	\$ 11,622
Accrued salaries payable	23,347
Intergovernmental payable	27,087
Unearned revenue - grants and donations	29,310
Total Current Liabilities	91,366
Non-current Liabilities:	
Accrued compensated absences	99,274
Total Non-current Liabilities	99,274
TOTAL LIABILITIES	190,640
DEFERRED INFLOWS	
Deferred Ad Valorem taxes	803,118
Deferred state revenue sharing	5,281
TOTAL DEFERRED INFLOWS	808,399
NET POSITION	
Net invested in capital assets	1,045,592
Restricted - Grants and donations	29,660
Unrestricted	917,973
TOTAL NET POSITION	\$ 1,993,225

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, 2017

	<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	\$ 764,030	61,654	40,459	\$ (661,917)
Total Governmental Activities	<u>764,030</u>	<u>61,654</u>	<u>40,459</u>	<u>(661,917)</u>

General Revenues:		
Ad valorem taxes		760,100
State revenue sharing		5,224
Investment earnings		14,883
Advertisement reimbursement		1,648
Miscellaneous income		<u>25</u>
Total General Revenues		<u>781,880</u>
Change in Net Position		119,963
Net Position at the Beginning of Year		<u>1,873,262</u>
Net Position at End of Year		<u>\$ 1,993,225</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, 2017

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 29,111
Investments - LAMP	666,869
Investments - certificates of deposit	515,155
Taxes receivable	687,015
Intergovernmental receivable	3,520
Other receivables	3,375
Prepaid expenses	8,119
Restricted assets:	
Cash and cash equivalents	29,660
Inventory	3,848
TOTAL ASSETS	\$ 1,946,672
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	
Current Liabilities:	
Accounts payable	\$ 11,622
Accrued salaries	23,347
Intergovernmental payable	27,087
Unearned revenue - grants and donations	29,310
	91,366
Deferred Inflows	
Deferred Ad Valorem taxes	803,118
Deferred state revenue sharing	5,281
	808,399
Fund Balance:	
Nonspendable - Prepaids	8,119
Restricted - Grants and donations	29,660
Unassigned	1,009,128
Total Fund Balances - Governmental Fund	\$ 1,046,907
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.	1,045,592
Long-term liabilities are not due and payable in the current period and therefore are not reported in these funds.	(99,274)
Net position of governmental activities	\$ 1,993,225

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, 2017

REVENUES

Ad valorem taxes	\$ 787,187
State revenue sharing	5,224
Grants	
Other	27,617
Gifts and donations	12,842
Fees and charges	52,519
Gift shop sales	9,135
Advertising reimbursement	1,648
Interest Income	14,883
Miscellaneous income	25
TOTAL REVENUES	<u>911,080</u>

EXPENDITURES

Culture & Recreation:	
Salaries	398,507
Payroll taxes	14,466
Fringe	88,592
Travel	14,202
Operating services	150,014
Materials and supplies	82,750
Intergovernmental	27,087
Capital outlay	91,215
TOTAL EXPENDITURES	<u>866,833</u>

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

44,247

FUND BALANCE AT BEGINNING OF YEAR	<u>1,002,660</u>
FUND BALANCE AT END OF YEAR	<u>\$ 1,046,907</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
RECONCILIATION OF THE STATEMENT OF REVENUES
EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017**

Amounts reported for governmental activities are different because:

Net change in fund balances - total governmental funds (page 8)	\$	44,247
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital outlay		91,215
Depreciation expense		(49,889)
Net adjustment		<u>41,326</u>

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

Accrued compensated absence expense		<u>34,390</u>
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Change in net position of governmental activities (page 6)	\$	<u><u>119,963</u></u>
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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, 2017**

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, 2017, fund balances were composed of the following:

Non-spendable - prepaids	\$	8,119
Restricted - grants and donations		29,660
Unassigned		<u>1,009,128</u>
Total Fund Balance		<u><u>\$ 1,046,907</u></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 2017 on the certified roll was \$447,634,250. After applying homestead exemptions and other reductions of \$46,075,259, the net assessed value upon which the Museum's property tax was computed was \$401,558,991. 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 2017. 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 \$803,118.

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 2017 tax assessment will be in May 2018, and the lien date was December 31, 2017.

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	\$ 64,789,790	14.50%
ExxonMobil Production Co.	Oil Storage	29,750,010	6.60%
Placid Refining Company	Refinery	13,151,710	2.90%
Total		<u>\$ 107,691,510</u>	<u>24.00%</u>

Property tax revenues of \$787,187 on the fund financial Statement of Revenues, Expenditures, and Changes in Fund Balance were not reduced by \$27,088 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 \$27,087 was presented as intergovernmental expenditures. In contrast, for purposes of the government-wide Statement of Activities, property tax revenues of \$787,787 were reduced by \$27,087 of on-behalf payments to present a net amount of \$760,100 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, 2017 are as follows:

	<u>Book</u>	<u>Bank</u>
Cash and cash equivalents		
Unrestricted	\$ 28,811	\$ 35,818
Restricted	29,660	29,660
Certificates of Deposit - Investments		
Unrestricted	515,155	515,155
LAMP	666,869	666,869
	<u>\$ 1,240,495</u>	<u>\$ 1,247,502</u>
Petty cash	300	
	<u>\$ 1,240,795</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, 2017, \$44,615 of the cash and cash equivalents was fully insured by FDIC. Of the \$536,019 cash balances held at credit unions, \$520,864 was fully insured by NCUA, and \$15,155 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, 2017:

	<u>Fair Value</u>	<u>Cost</u>	<u>Maturity Date</u>	<u>Interest Rate</u>
Louisiana Asset Management Pool (LAMP)	\$ 666,869	\$ 666,869	NA	.91% - 1.23%
Certificate of Deposit - BR Telco Federal Credit Union	\$ 257,339	\$ 240,000	2/21/2019	1.30%
Certificate of Deposit - Pelican State Credit Union	\$ 257,816	\$ 240,000	2/13/2018	1.35%
Total investments	<u>\$ 1,182,024</u>	<u>\$ 1,146,869</u>		

Income earned during the year on the LAMP investments and certificates of deposit were \$8,050 and \$6,752, respectively.

**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 \$666,869 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 a 2a7-like pool. The following facts are relevant for 2a7-like 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 60 days and consists of no securities with a maturity in excess of 397 days. The WAM of LAMP's total investments is 89 as of December 31, 2017.

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

The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the 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, 2017:

Curruth Foundation	\$ 27,310
Rotary Club	2,350
	<u>\$ 29,660</u>

NOTE E – RECEIVABLES

The receivables of \$693,910 at December 31, 2017 are as follows:

Class of Receivable	
Taxes:	
Ad valorem	\$ 687,015
State revenue sharing	3,520
Other:	
Grants	3,375
Total	<u>\$ 693,910</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 will be paid in 2018. Two new exhibits were secured by contract in 2017. One exhibit was paid in full and started in November 2017 and will end in January 2018. The other new exhibit was paid in full and will commence in November 2018. The Museum recognized \$7,130 of prepaid expenses representing the total contract amounts at December 31, 2017. The exhibits will arrive at the Museum in 2018 and 2019.

Additional prepaid expenses of \$989 were recorded at December 31, 2017, totaling \$8,119 for prepaid expenses as of December 31, 2017.

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, 2017 was as follows:

	<u>Balance 1/1/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2017</u>
Governmental Activities:				
Buildings and improvements	\$ 1,115,588	\$ 73,211	\$ -	\$ 1,188,799
Furniture and equipment	225,556	18,004	-	243,560
Construction in progress	-	-	-	-
Total	<u>1,341,144</u>	<u>91,215</u>	<u>-</u>	<u>1,432,359</u>
Less: Accumulated Depreciation:				
Buildings and improvements	196,457	36,525	-	232,982
Furniture and equipment	140,421	13,364	-	153,785
Construction in progress	-	-	-	-
Total	<u>336,878</u>	<u>49,889</u>	<u>-</u>	<u>386,767</u>
Net Capital Assets	<u><u>\$ 1,004,266</u></u>	<u><u>\$ 41,326</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,045,592</u></u>

NOTE H – COMPENSATED ABSENCES

The following is a summary of accumulated leave privileges for the year ended December 31, 2017:

Balance at 12-31-16	\$ 133,664
Increase (decrease) in accumulated sick leave	<u>(34,390)</u>
Balance at 12-31-17	<u><u>\$ 99,274</u></u>

NOTE I – DEFERRED INFLOWS

The Museum had the following deferred inflows at December 31, 2017:

Deferred ad valorem taxes	\$ 803,118
Deferred state revenue sharing	<u>5,281</u>
Total	<u><u>\$ 808,399</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, 2016. 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.la.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 12.5% 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, 2017, 2016, and 2015, were \$36,935, \$36,013, and \$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 \$27,087 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 \$27,087 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, 2017. 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, 2017.

**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 8, 2018, 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

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68 "*Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27.*" This Statement is effective for financial statements for years beginning after June 15, 2014. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows and deferred inflows of resources and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments to their actuarial present value, and attribute that present value to period of employee service.

The adoption of GASB 68 as amended by GASB 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68,*" requires the Museum to recognize the difference between the actuarial total pension liability and the fair value of the legally restricted plan assets related to its participation in the Parochial Employees Retirement System of Louisiana, a cost-sharing, multiple employer defined benefit pension 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, the Museum contracts for the services of the employees of West Baton Rouge Parish Council (of which they are a component unit). The Museum's share of the net pension liability, deferred inflows 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 this statement as of December 31, 2017. The required adjustments and note disclosures can be found on the West Baton Rouge Parish Council's audit report at December 31, 2017.

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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUE				
Ad valorem taxes	\$ 732,000	\$ 870,611	\$ 787,187	\$ (83,424)
State revenue sharing	5,000	3,482	5,224	1,742
Grants	28,000	24,775	27,617	2,842
Fees and charges	42,000	49,900	52,519	2,619
Gift shop sales	6,000	8,500	9,135	635
Advertising reimbursement	2,000	2,000	1,648	(352)
Interest income	5,400	12,771	14,883	2,112
Gifts and donations	1,000	1,000	12,842	11,842
Miscellaneous income	40,506	21,311	25	(21,286)
TOTAL REVENUES	<u>861,906</u>	<u>994,350</u>	<u>911,080</u>	<u>(83,270)</u>
EXPENDITURES				
Culture & Recreation:				
Salaries	413,100	401,973	412,973	(11,000)
Fringe	98,000	98,120	88,592	9,528
Travel	15,000	14,110	14,202	(92)
Operating services	194,100	199,459	150,014	49,445
Material and supplies	53,300	65,500	82,750	(17,250)
Intergovernmental	-	-	27,087	(27,087)
Capital outlay	85,000	60,941	91,215	(30,274)
TOTAL EXPENDITURES	<u>858,500</u>	<u>840,103</u>	<u>866,833</u>	<u>(26,730)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	3,406	154,247	44,247	(110,000)
FUND BALANCE, BEGINNING OF YEAR	<u>1,002,660</u>	<u>1,002,660</u>	<u>1,002,660</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,006,066</u>	<u>\$ 1,156,907</u>	<u>\$ 1,046,907</u>	<u>\$ (110,000)</u>

SUPPLEMENTARY INFORMATION

WEST BATON ROUGE MUSEUM
 SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
 TO AGENCY HEAD
 FOR THE YEAR ENDED DECEMBER 31, 2017

Agency Head Name: Julia Rose
 Period: January 1, 2017 - April 30, 2017

<u>PURPOSE</u>	<u>AMOUNT</u>
Salary	\$ 43,449
Benefits - insurance	29
Benefits - retirement	5,431
Travel	-
Registration fees	-
Conference Travel	230
Continuing education fees	-
Reimbursements	-
Special meals	-
TOTAL	\$ 49,139

Agency Head Name: Angelique Bergeron
 Period: May 1, 2017 - December 31, 2017

<u>PURPOSE</u>	<u>AMOUNT</u>
Salary	\$ 66,682
Benefits - insurance	16,272
Benefits - retirement	8,335
Travel	-
Registration fees	803
Conference Travel	2,498
Continuing education fees	-
Reimbursements	4,750
Special meals	-
TOTAL	\$ 99,340

REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

BAXLEY AND ASSOCIATES, LLC

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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, as of and for the year ended December 31, 2017, 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 8, 2018.

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 certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies (2017-001 and 2017-003).

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 2017-002.

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 8, 2018

**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, 2017**

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. Three 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

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.

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 response to the segregation of duties, the Museum is a small agency and the cost for hiring additional employees is not beneficial. Controls have been implemented by dividing responsibilities between the employees and the Board reviews the invoices and financial statements.

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, 2017

2017-002: BUDGET

Condition:

In the Museum's general fund, budgeted revenues exceeded actual revenues by 9%.

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 revenues 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.

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, ethic, and debt service.

Criteria:

Written operating policies and accounting procedures should be implemented to ensure that proper internal control is being implemented within the Museum.

Effect:

A lack of written policies and procedures weakens the Museum's internal control.

Recommendation:

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

Management's Response:

We are currently in the process of updating our policies and procedures to reflect these areas noted above.

**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, 2017**

2016-1: 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.

**WEST BATON ROUGE MUSEUM
INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES
FOR THE YEAR ENDED DECEMBER 31, 2017**

BAXLEY AND ASSOCIATES, LLC

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Staci H. Joffrion, CPA/CGMA

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

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, 2017 through December 31, 2017. 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. Procedures: Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - 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***, including receiving, recording, and preparing deposits

- 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, and (5) monitoring card usage
- 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. Note: Ethics requirements are not applicable to nonprofits.
- j) **Debt Service**, including (1) debt issuance approval, (2) 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 procedures. Through our review, we were able to determine that the entity has no written and policies and procedures in place for the following areas: budgeting, purchasing, disbursements, receipts, payroll/personnel, contracting, credit cards, ethics, and debt service.

Board (or Finance Committee, if applicable)

- 2. Obtain and review the board/committee minutes for the fiscal period, and:
 - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
 - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - c) If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
 - d) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Findings:

The West Baton Rouge Museum met at least quarterly with a quorum in accordance with their charter.

The board minutes referenced a review of the financial report, but did not specifically address budget-to-actual comparisons on the General Fund.

The minutes included references to approval of various contracts and large disbursements.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Findings:

We reviewed the listing of the client's bank accounts with The First, A National Bank Association, Pelican State Credit Union, Telco Federal Credit Union, Essential Federal Credit Union, and Louisiana Asset Management Pool. We received management's representation that the listing is complete and accurate.

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

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
 - a) Bank reconciliations have been prepared;
 - b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
 - c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Findings:

The Museum has six bank accounts. We obtained the related bank statements and reconciliations for all months in the fiscal year for the six bank accounts. There was evidence that the bank reconciliations had been prepared and approved monthly by the Director for each account. There were transactions greater than six months old outstanding at the end of the fiscal period. Management provided documentation that showed these items have been researched and appropriate action will be taken on these items.

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

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Findings:

We reviewed a listing of cash/check/money order collection locations and management's representation to determine that the listing is complete. There are five collection locations.

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

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.
- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
 - Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Findings:

During testing, we obtained written documentation, which verified that all persons responsible for collecting cash were bonded and had no responsibilities for depositing cash in the bank, recording related transactions or reconciling bank statements. The persons responsible for collecting cash do at times share the same cash register or drawer with another employee.

All cash collection locations have policies that include processes for reconciliations of cash collections to the general ledger by the Assistant Director of Administration, whom is not responsible for cash collections. We selected the highest week of collections from the two cash collection locations and traced the daily collections to the deposit date on the bank statement to determine that the deposits were not made within one day of collection. None of the locations made their deposits within one day of collection. The number of days varied from 2 to 8 days. We also used sequentially numbered receipts or computer-generated receipts to verify that cash collections were supported by documents.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

Findings:

We obtained written documentation from management regarding the completeness of cash collections for each revenue source by a person. Both persons who are responsible for determining completeness of cash collections are not responsible for collecting cash.

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

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Findings:

We reviewed a management listing of entity disbursements from the general ledger.

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

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report

showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Findings:

After randomly selecting 25 disbursements from #8 above, we noted that all 25 disbursements were approved and supported by proper invoices. The selected disbursements were types that did not require requisition/purchasing order and receiving reports. Proper approval on all transactions did not include the initiator of the purchase.

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

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

Findings:

We reviewed the entity documentation to determine whether the party responsible for processing payment is prohibited from adding vendors to the entity's purchasing/disbursement system.

We noted no written policy that prohibits the individual responsible for processing payment from adding vendors. The person responsible for processing payments is also allowed to add vendors.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Findings:

We inquired of management regarding their practices in approving disbursements or signatory authority for the entity to determine that the Museum Director has the authority to authorize disbursements. The Museum Director has no responsibility for initiating or recording purchases.

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

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Findings:

The supply of unused checks being stored in a locked drawer and access is restricted to authorized personnel (Administrative Assistant). The only person with signatory authority does not have access to print checks.

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

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Findings:

There are no signature stamps or signature machines maintained at the West Baton Rouge Museum.

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

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

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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 management's representation that the West Baton Rouge Museum maintains 4 credit cards.

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

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation 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) Report whether finance charges and/or late fees were assessed on the selected statements.

Findings:

We selected the 4 credit cards and the monthly statements for the selected cards. We selected the largest dollar activity for each card.

For two credit cards, there was evidence that showed that the monthly statements were reviewed by someone other than the authorized card holder. For the remaining two credit cards, the statements were reviewed by someone who was the authorized card holder. There were no finance charges or late fees assessed on the selected accounts.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the four cards selected (i.e. each of the four cards should have one month of transactions subject to testing).
- a) For each transaction, report whether the transaction is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased)
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)
 - b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
 - c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Findings:

We examined the monthly statements for the four credit cards selected in #15 above. For each transaction, we examined original receipt, business purpose, authorization, and the Louisiana Public bid law. The Museum does not have written policies and therefore, no other documentation was required to be kept as part of the policies. None of the transactions were subject to the rules of the Louisiana Public Bid Law and the Museum did not maintain written policies to compare the transaction's detail. We observed no loans, pledges, or donations of funds, credit, property, or things of value.

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

Travel Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Findings:

We inquired of management to obtain records of all travel and related expense reimbursements by person during the fiscal period. Management provided a list of 11 employees with total travel reimbursements. Representation was provided that the list was complete and accurate.

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

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Findings:

We obtained the entity's written policies related to travel and expense reimbursements and compared the amounts in the policies to the per diem and mileage rates established by the U. S. General Services Administration. According to the Museum's policies, employees shall be reimbursed at the current rate set by the United States Revenue Service and per diem is not paid to employees.

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

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:
 - a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.
 - b) Report whether each expense is supported by:
 - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)
 - c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
 - d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Findings:

We selected the top three persons who incurred the most travel costs as listed in #17 above. We compared expense documentation to written policies, examined original itemized receipts and documentation of business purpose, There was no additional documentation as required by written policy. We observed no loans, pledges, or donations of funds, credit, property or things of value.

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

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Findings:

Management provided us with a list of contracts that were in effect during the fiscal year December 31, 2017. Management provided representation that the list was true and complete.

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

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:
- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
 - b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
 - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
 - c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
 - d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
 - e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Findings:

We examined the listing of vendors and selected the five contract "vendors" that were paid the most money during the fiscal year. We examined formal/written contracts, supporting contract documentation, invoice support for the largest payment amounts from each of the five contracts, and board approval was not required.

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

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:
- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
 - b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Findings:

We obtained a listing of employees with their related salaries and randomly selected five employees to determine if compensation paid to them was in compliance with the terms of their employment contract. We also checked for any changes made to hourly pay rates/salaries during the fiscal period. Of the five employees selected, one of them received a change in pay rates during the year.

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

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:
- a) Report whether 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) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
 - c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Findings:

We selected 15 employees to determine if each selected employee documented their daily attendance and leave, whether there was written documentation that supervisors approved the attendance and leave of the selected employees/officials, and whether there is written documentation that the entity maintained written leave record on the selected employees.

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

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Findings:

We obtained a list of three terminated employees during the fiscal year. Management provided representation that the list was accurate and complete. There were 3 terminated employees on the list. Management stated that there were no payments made to the 3 employees.

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

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Findings:

The Museum does not make the payments for the payroll taxes and retirement contributions to the applicable agencies. The West Baton Rouge Parish Council prepares the Museum's payroll and submits the payroll taxes and retirement contributions on their behalf. The Museum reimburses the West Baton Rouge Parish Council for the payroll taxes and retirement contributions. Therefore, this procedure would not be applicable for the Museum.

Ethics

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

Findings:

We obtained ethics compliance documentation from management on the five employees selected in procedure #22. We determined that proper ethics training documents was maintained.

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

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Findings:

We inquired of management whether there were any alleged ethics violations reported to the entity during the fiscal period. No ethics violations were reported or noted during the year.

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

Debt Service

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

Findings:

No debt was issued during the fiscal year ended December 31, 2017.

Therefore, this procedure was considered not applicable.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Findings:

The West Baton Rouge Parish Museum did not have any outstanding obligations during the fiscal year. Therefore, this procedure was not applicable.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Findings:

The Museum did not have tax millages related to debt service. Therefore, this procedure was not applicable.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Findings:

Per inquiry of management, there was no misappropriation of funds or assets.

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

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.lla.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Findings:

We observed the Notice required by R.S. 24:523.1 posted on the information bulletin board located at the Museum's office and also on the Museum's website.

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

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

Findings:

There were no other exceptions noted while performing the Agreed Upon Procedures and none noted in management's representations.

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 control and compliance 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 control and compliance areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control of 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 8, 2018

WEST BATON ROUGE MUSEUM

Management's Response to Statewide Agreed-Upon Procedures For the Year Ended December 31, 2017

Management's Response to Items:

1. We are currently in the process of updating our policies and procedures manual to reflect the new Legislative Audit requirements.
2. The Board does review budget-to-actual comparison reports at the board meeting, but was not specifically identified in the board minutes. In the future, we will include "the budget-to-actual comparison report" in the board minutes.
6. Due to the dollar value of the deposits and size of the Museum, it would not be feasible for deposits to be completed daily and to have separate cash drawers/registers for all employees responsible for collecting cash.
10. Due to the size of the Museum, it would not be feasible to have a separate employee that's responsible for processing payments and would be prohibited from adding vendors to the purchasing/disbursements system. We will continue to monitor disbursements from the main operating account.
15. In the future, we will have a board member review the credit cards statements where the executive director is the cardholder and we will also include this credit card policy in the update policies and procedures.