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**AUDUBON REGIONAL LIBRARY**  
**CLINTON, LOUISIANA**

**ANNUAL FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2004**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-27-05

AUDUBON REGIONAL LIBRARY  
 CLINTON, LOUISIANA  
 ANNUAL FINANCIAL STATEMENTS  
 AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2004

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**AUDUBON REGIONAL LIBRARY  
CLINTON, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2004**

Management's Discussion and Analysis (MD&A) of the Audubon Regional Library (Library) provides an overview and overall review of the Library's financial activities for the fiscal year ended December 31, 2004. The intent of the MD&A is to look at the Library's financial performance as a whole. It should, therefore, be read in conjunction with the Library's financial statements found in the financial section on page 10, and the notes thereto, MD&A is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments issued June 1999.

**FINANCIAL HIGHLIGHTS**

- The Library's assets exceeded its liabilities by \$1,625,137 (net assets) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$2,180,554.
- Total net assets are comprised of the following:
  - (1) Capital assets of \$1,234,752 includes property, equipment and books net of accumulated depreciation.
  - (2) Net assets of \$3,487 are restricted by constraints imposed from the Library such as laws, or regulations.
  - (3) Unrestricted net assets of \$386,898 represent the portion available to maintain the Library's continuing obligations to citizens and creditors.
- The Library's governmental funds reported total ending fund balance of \$390,385 this year. This compares to the prior year ending fund balance of \$976,138 showing a decrease of \$576,753 during the current year. Unreserved fund balance of \$384,708 for fiscal year 2004 shows a \$579,496 decrease over the prior year.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$54,437, or 20.0% of total General Fund expenditures including transfers and 20.1% of the total General Fund revenues including transfers.
- Total liabilities of the Library decreased by \$7,859 to \$14,876 during the fiscal year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The annual report consists of four parts - management's discussion and analysis (this section), the basic financial statements, required supplementary information, and other supplemental information. The basic financial statements include two kinds of statements that present different views of the Library:

- The first two statements on pages 5 and 6 are government-wide financial statements that provide information about the activities of the Library as a whole and present a longer-term view of the Library's finances.
- The remaining statements starting on page 8 are fixed financial statements that focus on individual parts of the Library's government, reporting the Library's operations in more detail than the government-wide statements.

**AUDUBON REGIONAL LIBRARY  
CLINTON, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2004**

- The governmental funds statements tell how general government services, such as library services, were financed in the short term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide additional detailed data. The notes are followed by a section of required supplementary information that further explains and supports the information in the financial statements as well as providing budgetary comparison data. The last section of the report contains additional supplemental information regarding the governmental fund-general fund. The rest of this overview section of management's discussion and analysis explains the structure of contents of each of the statements.

**Government-wide Statements**

The government-wide statements report information about the Library as a whole using the accrual basis of accounting, which is similar to that which is used by private sector companies. The statement of net assets on page 10 includes all of the Library's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statements of activities on page 11, regardless of when cash is received or paid.

These two statements report the Library's net assets and changes in them. Net assets - the difference between the Library's assets and liabilities - is one way to measure the Library's financial health, or *financial position*. Over time, increases and decreases in the Library's net assets are one indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors will also need to be considered to assess the overall health of the Library.

The government-wide financial statements of the Library, reports only one type of activity - governmental activities. All of the Library's basic services are included here, such as library services and general administration.

**Fund Financial Statements**

The fixed financial statements, beginning on page 12, provide more detail about the Library's most significant funds - not the Library as a whole. State laws require the establishment of some funds. Funds are accounting devices that the Library used to keep track of specific sources of funding and spending for particular purposes.

**AUDUBON REGIONAL LIBRARY  
CLINTON, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2004**

The Library used only the governmental type of fund with the following accounting approach. Most of the Library's basic services are included in governmental funds, which focus on how cash and other financial assets that can be readily converted to cash flow in and out of those funds, and the balances left at year-end that are available for spending. Those funds are reported using an accounting method called *modified accrual accounting*, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements therefore provide a detailed short-term view of the Library's general government operations and the basic services it provides, and helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Library's programs. Since this information does not include the additional long-term focus of government-wide statements, we provide reconciliations on the subsequent pages that explain the relationship (or difference) between the two different type statements

**FINANCIAL ANALYSIS OF THE LIBRARY AS A WHOLE**

Net assets. The Library's combined net assets decreased \$555,417 between fiscal years 2003 and 2004. (See Table 1 below)

**Table 1  
Library's Net Assets**

	Governmental Activities <u>2003</u>	Governmental Activities <u>2004</u>
Current and other assets	\$ 988,426	\$ 405,261
Capital assets	<u>1,214,863</u>	<u>1,234,752</u>
Total assets	\$ 2,203,289	\$ 1,640,013
Current liabilities	22,735	14,876
Noncurrent liabilities	<u>0</u>	<u>0</u>
Total liabilities	\$ <u>22,735</u>	\$ <u>14,876</u>
Net assets:		
Invested in capital assets, net of depreciation	1,214,863	1,234,752
Restricted	3,487	3,487
Unrestricted	<u>92,204</u>	<u>386,898</u>
Total net assets	<u>\$ 2,180,554</u>	<u>\$ 1,625,137</u>

**AUDUBON REGIONAL LIBRARY  
CLINTON, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2004**

Net assets of the Library's governmental activities decreased because of the withdrawal of West Feliciana Parish from the Audubon Regional Library System.

The Library's total revenues decreased to \$353,875 (See Table 2), due to the withdrawal of West Feliciana Parish Library. Approximately 67 percent of the Library's revenue comes from a general property tax assessed on the property owners in each parish.

The total cost of all programs and services increased only slightly from the prior year.. The Library's expenses cover all services, which it offers to the public.

**Fund Balance - Unreserved**

1. Due to the withdrawal of West Feliciana Parish from the Audubon Regional Library System, receivables recorded at December 31, 2002 must be removed from the Assets of the system. These are specifically:
  - A. Funds held by the West Feliciana Parish Police Jury
  - B. Ad Valorem taxes for West Feliciana Library System
 Net reduction in the fund balance (\$622,094).
  
2. Also, the fund balance increased by \$7,368 due to the collection of Ad Valorem taxes above the anticipated amount recorded at December 31, 2003.

**Governmental Activities**

Revenues for the Library's governmental activities decreased by \$82,317, while total expenses decreased by \$221,481.

**Table 2  
Changes in Library's Net Assets**

	Governmental Activities <u>2004</u>
Revenues	
Program Revenues	
Charges for services	\$ 2,379
State and local grants and donations	62,958
Other Revenues	<u>288,538</u>
Total revenues	\$ 353,875
Expenses	
General governmental	<u>282,427</u>
Total expenses	<u>\$ 282,427</u>
Decrease in net assets	<u>\$ 71,448</u>

**AUDUBON REGIONAL LIBRARY  
CLINTON, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2004**

**FINANCIAL ANALYSIS OF THE LIBRARY'S FUNDS**

As the Library completed the year, its governmental funds reported a combined fund balance of \$390,385. All, but \$3,487 of this fund balance is unrestricted and undesignated and therefore is available for spending. The increase reflected a slight increase in revenues and lower expenses than expected.

**General Fund Budgetary Highlights**

During the year, the library operated well within its budget and found no need to amend it. Both revenues and expenditures were in favorable positions due to constant oversight and monitoring procedures.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of the year, the Library had invested \$1,234,752 in capital assets. (See Table 4).

**Table 4  
Library's Capital Assets  
(net of accumulated depreciation)**

	Governmental Activities 2004
Furniture and equipment	365,342
Books and periodicals	<u>869,410</u>
Total	<u>\$ 1,234,752</u>



**AUDUBON REGIONAL LIBRARY  
CLINTON, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2004**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Approximately 67 percent of the Library's revenues are derived from an ad valorem tax on the voters of the parish. The Parish Police Juries must approve the Library's millage rates for collection of the ad valorem taxes each year. The economy is not expected to generate any significant growth in assessment values, other than 2004 being a reassessment year possibly increasing ad valorem taxes slightly. Neither library fees nor grant income is expected to increase; therefore, future revenues are expected to remain consistent with the current year. The budget for the year 2005 should approximated the same as the year's 2004 budget.

**CONTACTING THE LIBRARY'S FINANCIAL MANAGEMENT**

The financial report is designed to provide our parishioners, taxpayers, investors and creditors with a general overview of the Library's financial and to demonstrate the Library's accountability for the money it receives. If you have questions about this report or need additional information, contact Mrs. Beatrice Parker, Director, P. O. Box 8389, Clinton, Louisiana 70722.

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INDEPENDENT AUDITOR'S REPORT

**W. RANDALL PEAY, LTD.**  
**(A Professional Accounting Corporation)**

**W. RANDALL PEAY**  
CERTIFIED PUBLIC ACCOUNTANT

POST OFFICE BOX 8344  
CLINTON, LOUISIANA 70722  
(225) 683-9515

Member:  
American Institute of Certified Public Accountants  
Society of Louisiana Certified Public Accountants

**Independent Auditor's Report**

Board of Commissioners  
Audubon Regional Library  
Clinton, Louisiana

I have audited the accompanying basic financial statements of the Audubon Regional Library, as of and for the year ended December 31, 2004. These basic financial statements are the responsibility of the Audubon Regional Library. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. I believe my audit provides a reasonable basis for my opinion.

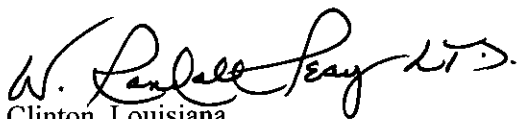
In my opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Audubon Regional Library, as of December 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America..

As described in Note 2 to the basic financial statements, the Audubon Regional Library adopted the provisions of Governmental Accounting Standards Board No. 34, Basic Financial Statements-and Management's Discussion and Analysis- for State of Local/Governmental Accounting Standards Board Statement no. 33, Accounting and Financial Reporting for Nonexchange Transactions, in 2003.

In accordance with Government Auditing Standards, I have also issued a report dated June 29, 2005, on my consideration of the Audubon Regional Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information as listed in the foregoing table of contents, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Library's basic financial statements. The accompanying supplemental information schedules and other information as listed in the foregoing table of contents are presented for the purpose of additional analysis and are not required part of the basic financial statements of the Audubon Regional Library. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Clinton, Louisiana

June 15, 2005

**W. RANDALL PEAY, LTD.**  
(A Professional Accounting Corporation)

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Society of Louisiana Certified Public Accountants

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

Board of Commissioners  
Audubon Regional Library  
Clinton, Louisiana

I have audited the basic financial statements of the Audubon Regional Library, as of and for the year ended December 31, 2004, and have issued my report thereon dated June 15, 2005 which included an explanatory paragraph noting the adoption of Governmental Accounting Standards Board Statement No. 34. I have conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Audubon Regional Library's basic financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, with which noncompliance 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Audubon Regional Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Legislative Auditor, management, and others within the organization. It is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24.513, this report is distributed by the Louisiana Legislative Auditor as a public document.

  
Clinton, Louisiana  
June 15, 2005

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**BASIC FINANCIAL STATEMENTS**

AUDUBON REGIONAL LIBRARY  
CLINTON, LOUISIANA

Statement of Net Assets  
December 31, 2004

	<u>Governmental Activities</u>
<b><u>ASSETS</u></b>	
Cash and cash equivalents	\$88,318
Investments	14,488
Taxes receivable	285,093
Prepaid expenses	17,362
Capital assets, net of depreciation	<u>1,234,752</u>
Total Assets	<u>1,640,013</u>
<b><u>LIABILITIES</u></b>	
Accounts payable and accrued expenses	<u>14,876</u>
Total Liabilities	<u>14,876</u>
<b><u>NET ASSETS</u></b>	
Invested in capital assets	1,234,752
Restricted - Bookmobile	3,487
Unrestricted	<u>386,898</u>
Total net assets	<u>\$1,625,137</u>

The accompanying notes are an integral part of this statement



AUDUBON REGIONAL LIBRARY  
 CLINTON, LOUISIANA  
 Statement of Activities  
 For the Year Ended December 31, 2004

FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expenses) Revenue
Governmental activities:				
General government-Library services	\$456,886	\$11,124	\$82,705	(\$363,057)
Total governmental activities:				(363,057)
General revenues:				
Property Taxes-levied for general purposes				292,083
State revenue sharing				47,667
Miscellaneous revenue				28
Unrestricted investment earnings				2,491
Total general revenues				342,269
Change in net assets				(20,788)
Net assets - beginning of year				2,201,342
Net assets - end of the year				\$2,180,554

The accompanying notes are an integral part of this statement

AUDUBON REGIONAL LIBRARY  
 CLINTON, LOUISIANA  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES AND ACCOUNT GROUPS  
 BALANCE SHEET  
 DECEMBER 31, 2004

	GOVERNMENTAL FUND TYPES		ACCOUNT GROUP	TOTAL (MEMORADUM) (ONLY)
	GENERAL	SPECIAL	GENERAL	
	FUND	REVENUE FUND	FIXED ASSETS	
<b>ASSETS</b>				
Cash	\$86,128	\$2,190		\$88,318
Investments, at amortized cost	14,488			14,488
Receivables	285,093			285,093
Prepaid Expenses	17,362			17,362
Fixed Assets			1,265,153	1,265,153
<b>Total assets</b>	<b>403,071</b>	<b>2,190</b>	<b>1,265,153</b>	<b>1,670,414</b>
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>				
<b>Liabilities</b>				
Accounts payable	6,636			6,636
Intergovernmental payable	8,240			8,240
<b>Total liabilities</b>	<b>14,876</b>	<b>0</b>	<b>0</b>	<b>14,876</b>
<b>Equity and other credits</b>				
Investment in general fixed assets			1,265,153	1,265,153
Fund balance-reserved for bookmobile	3,487			3,487
Fund balance-unreserved, undesignated	384,708	2,190		386,898
<b>Total equity and other credits</b>	<b>388,195</b>	<b>2,190</b>	<b>1,265,153</b>	<b>1,655,538</b>
<b>Total liabilities, equity, and other credits</b>	<b><u>\$403,071</u></b>	<b><u>\$2,190</u></b>	<b><u>\$1,265,153</u></b>	<b><u>\$1,670,414</u></b>

The accompanying notes are an intergral part of this statement

AUDUBON REGIONAL LIBRARY  
CLINTON, LOUISIANA

Reconciliation of the Balance Sheet-Governmental Funds  
to the Statement of Net Assets

For the Year Ended December 31, 2004

Total fund balance - governmental funds	\$390,385
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the Balance sheet - governmental funds.	<u>1,234,752</u>
Total net assets of governmental activities	<u>\$1,625,137</u>

The accompanying notes are an integral part of this statement

AUDUBON REGIONAL LIBRARY  
 CLINTON, LOUISIANA  
 COMBINED STATEMENT OF REVENUES  
 EXPENDITURES, AND CHANGES IN FUND BALANCE  
 ALL GOVERNMENTAL FUND TYPES  
 YEAR ENDED DECEMBER 31, 2004

	GENERAL FUND	SPECIAL REVENUE FUNDS	TOTAL (MEMORADUM) (ONLY)
<b>REVENUES</b>			
Ad valorem taxes	\$237,700		\$237,700
Intergovernmental revenues			
State revenue sharing	47,393		47,393
State grants	45,573		45,573
Local grants	14,950		14,950
Interest earnings	1,950	75	2,025
Fees and charges for			
library services	2,379		2,379
Fines and forfeitures	1,300		1,300
Donations and gifts	2,435		2,435
Miscellaneous	120		120
	<u>353,800</u>	<u>75</u>	<u>353,875</u>
<b>Total revenues</b>			
<b>EXPENDITURES</b>			
Salaries and related			
benefits	178,189		178,189
Professional services	20,657		20,657
Insurance	10,074		10,074
Materials and supplies	14,454		14,454
Repairs and maintenance	9,168		9,168
Telephone and utilities	14,955		14,955
Rents	13,389		13,389
Intergovernmental	8,240		8,240
Travel	1,424		1,424
Other	2,237		2,237
Capital outlay	27,694		27,694
	<u>300,481</u>	<u>0</u>	<u>300,481</u>
<b>Total Expenditures</b>			

The accompanying notes are an integral part of this statement

AUDUBON REGIONAL LIBRARY  
 CLINTON, LOUISIANA  
 COMBINED STATEMENT OF REVENUES  
 EXPENDITURES, AND CHANGES IN FUND BALANCE  
 ALL GOVERNMENTAL FUND TYPES  
 YEAR ENDED DECEMBER 31, 2004

(Continued)

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUNDS</u>	<u>TOTAL (MEMORADUM) (ONLY)</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</u>	<u>\$53,244</u>	<u>\$75</u>	<u>\$53,319</u>
<u>FUND BALANCES AT BEGINNING OF YEAR (Restated)</u>	334,951	4,447	339,398
<u>TRANSFERS</u>	<u>                    </u>	<u>(2,332)</u>	<u>(2,332)</u>
<u>FUND BALANCES AT END OF YEAR</u>	<u>\$388,195</u>	<u>\$2,190</u>	<u>\$390,385</u>

The accompanying notes are an integral part of this statement

AUDUBON REGIONAL LIBRARY  
CLINTON, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended December 31, 2004

Net change in fund balances - total governmental funds \$53,319

Amounts reported for governmental activities in the statement of activities are  
different because:

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 expenses. This is the amount which  
depreciation exceeded capital outlays in the current period.

Depreciation expense	(9,565)
Capital outlays	<u>27,694</u>

Change in net assets of governmental activities \$71,448

The accompanying notes are an integral part of this statement

AUDUBON REGIONAL LIBRARY  
CLINTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004

INTRODUCTION

The Audubon Regional Library was established in 1963, as authorized by Louisiana Revised Statute 25:217, through the cooperative efforts of the police juries of St. Helena and East Feliciana Parishes. The Library provides citizens of these parishes access to library materials, books, magazines, records and films. The Library is governed by a board of commissioners consisting of six members, two appointed from each parish by their police jury, and two who are the police jury presidents for each parish who serve as ex-officio members. Terms for appointed members are for five years, and members serve without pay. Libraries located in Clinton, Greensburg and Jackson, are supported by property tax assessments in both parishes.

Note #1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Basis of Presentation

The accompanying financial statements of the Audubon Regional Library have been prepared in conformity with generally accepted accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying financial statements have been prepared in conformity with GASB Statement 34, Basic Financial Statements and Management's Discussion and Analysis - for State and Local Government, issued in June 1999.

B. Reporting Entity

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

1. Appointing a voting majority of an organization's governing body, and

AUDUBON REGIONAL LIBRARY  
CLINTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004  
(Continued)

- a. The ability of the police jury to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
  3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

The Audubon Regional Library is considered a joint venture of the participating police juries, and therefore, issues fund financial statements separate from the police juries. The accompanying basic financial statements present information only on the funds maintained by the library.

C. Fund Accounting

The library used funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the library are classified as governmental funds. Governmental funds account for the library's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations. Governmental funds of the library include:



AUDUBON REGIONAL LIBRARY  
CLINTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004  
(Continued)

Governmental Funds

Governmental funds account for all or most of the library's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The differences between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the library. The following are the library's governmental funds:

General fund - the primary operating fund of the library. It accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transacted in accordance with state and federal laws and according to the library policy.

Special Revenue Funds

The special revenue funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

D. Measurement Focus/Basis of Accounting

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities display information about the library as a whole. These statements include all the financial activities of the library. Information contained in these statements reflect the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when each is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement no. 33, Accounting and Financial Reporting for Nonexchange Transactions.

AUDUBON REGIONAL LIBRARY  
CLINTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004  
(Continued)

D. Measurement Focus/Basis of Accounting (continued)

Program Revenues - Program revenues included in the Statement of Activities are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the library's general revenue.

Fund Financial Statements (FFS)

The amounts reflected in the General Fund of the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e. revenues and other financing sources) and used (i.e. expenditures and other funding uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the library's operations (See the reconciliation statements).

The amounts reflected in the General Fund in the FFS use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectable within the current period or soon enough thereafter to pay liabilities of the current period. The library considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgements which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

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

AUDUBON REGIONAL LIBRARY  
CLINTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004  
(Continued)

D. Measurement Focus/Basis of Accounting (continued)

Where grant revenue is dependent upon expenditures by the Library, revenue is recognized when the related expenditures are incurred.

Interest income on time deposits (certificates of deposit) is recorded when earned.

Substantially all other revenues are recorded when received.

Expenditures

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

Other Financing Sources (Uses)

Transfers between funds, which are not expected to be repaid, are accounted for as other financing sources (uses) and are recorded when incurred.

E. Budgets

The director directs the preparation of a proposed budget annually and submits it the Board.

A summary of the proposed budget, along with the public hearing details and availability of the proposed budget for public inspection, are advertised in the official journals of East Feliciana and St. Helena Parishes at least ten days prior to the date of the public hearing. After the public hearing is held, the budget is formally adopted at a regular board meeting. A summary of the adopted budget is published in the official journal.

Formal budget integration is employed as a management control device during the year.

Budgetary amendments require the approval of the board.

AUDUBON REGIONAL LIBRARY  
CLINTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004  
(Continued)

E. Budgets (continued)

All budgetary appropriations lapse at the end of the year.

Budgetary amounts included in the accompanying financial statements reflect the original adopted budget and all budget amendments.

F. Encumbrances

The library does not use encumbrance accounting..

G. Cash and Cash Equivalents

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

H. Investments

Investments are limited by Louisiana Revised Statue (R.S.) 33:2955 and the library's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

I. Prepaid Expenses

Prepaid expenses is comprised of payments made for cost that will benefit periods beyond December 31, 2004.

J.. Capital Assets

Capital assets are capitalized at historical cost or estimated historical cost if historical cost is not available. Donated assets are recorded at their estimated fair market value at the date of donation. The library maintains a threshold level of \$500 or more for capitalizing capital assets.

AUDUBON REGIONAL LIBRARY  
CLINTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004  
(Continued)

J. Capital Assets (continued)

Capital assets are recorded in the Statement of Net Assets and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives.

Equipment & Furniture	5 years
Vehicles	5 - 10 years
Library collections	5 - 7 years

K. Bad Debts

Uncollectible amounts due for ad valorem taxes are recognized as bad debts at the time information becomes available which would indicate the uncollectability of the particular receivable.

L. Compensated Absences

Staff members who work 30 hours or more per week are considered full time. After having been employed 6 months and having satisfactorily completed the 6 month probationary period, employees will earn annual and sick leave as follows:

6 months through 4 years:  
One work day per month

5 through 9 years:  
1.5 work days per month

10 years and over  
2 work days per month

12 days of unused annual leave may be carried over.

All unused sick leave may be carried over.

Employees will be compensated for unused annual leave upon termination.

AUDUBON REGIONAL LIBRARY  
CLINTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004  
(Continued)

M. Restricted Net Assets

For government-wide statement of net assets are reported as restricted when constraints placed on net asset use are either:

- a. externally imposed by creditors (such as debt covenants), grants, contributors, or laws or regulations of other governments; and
- b. imposed by law through constitutional provisions or enabling legislation.

N. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Any designations of fund balance represent tentative management plans that are subject to change.

O. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note #2 CASH AND CASH EQUIVALENTS

These deposits are stated at amortized cost which approximates market. Under state law, these deposits 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 of 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.

AUDUBON REGIONAL LIBRARY  
CLINTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004  
 (Continued)

Note #2      CASH AND CASH EQUIVALENTS (continued)

At December 31, 2004 the library has cash and cash equivalents (book balances) totaling \$88,308. This total is comprised of \$110 cash on hand and \$88,198 in interest-bearing demand deposits.

Note #3      INVESTMENTS

At December 31, 2004, investments are comprised of time certificates of deposit in the amount of \$14,488.

Investments are limited by law and the library's investment policies. The investments in time certificates of deposit is secured from risk by federal depositary insurance and pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category3).

At December 31, 2004, the investment's amortized cost and the market value are \$14,488.

Note #4      RECEIVABLES

The following is a summary of receivables at December 31, 2004:

Ad valorem taxes	\$ 237,700
State revenue sharing	<u>47,393</u>
Total	<u>\$ 285,093</u>

Note #5      FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance			Balance
<u>Description</u>	<u>Dec. 31, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Dec. 31, 2004</u>
Furniture & Equipment	\$389,489	6,254		\$ 395,743
Library Books	<u>846,210</u>	<u>23,200</u>		<u>869,410</u>
Totals	<u>\$1,235,699</u>	<u>29,454</u>		<u>\$1,265,153</u>

AUDUBON REGIONAL LIBRARY  
CLINTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004  
(Continued)

Note #5      FIXED ASSETS (continued)

During 2004, the library purchased \$29,454 of capital outlay expenditures. A total of \$4,441 was the purchase of annual periodicals, computer software, and items costing less than \$500 and not considered as additions to the general fund assets account group.

Note #6      PENSION PLAN

All employees of the library are members of the Parochial Employees Retirement System of Louisiana, a multiple-employer, public employee retirement system, 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 library are members of Plan B. Contributions of participating agencies are pooled within the system to fund accrued benefits, with contribution rates approved by the Louisiana Legislature.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds are eligible to participate in the System. Under Plan B, employees who retire at or after age 62 with at least 10 years of creditable service or at or after age 55 with at least 30 years of creditable services are entitled to a retirement benefit, payable monthly for life, equal to 2 percent of their final-average salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3 percent for each year retirement precedes age 62. The system issues stands alone financial statements that may be obtained at Parochial Employees' Retirement System, P. O. Box 14619, Baton Rouge, Louisiana 70898.

Members are required to contribute 3.0% of their annual covered salary and the library is required to contribute 5.25% of annual covered payroll. The library contributed \$4,929 during 2004 as its share of employees contributions. The Library does not guarantee the benefits granted by the retirement system.



AUDUBON REGIONAL LIBRARY  
CLINTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004  
(Continued)

Note #7      LEASES

The library is committed under various leases for building and office space. These leases are considered for accounting purposes to be operating leases. Lease expenditures for the year ended December 31, 2004, amounted to \$8,800.

Future minimum lease payments for these leases are as follows:

<u>Year</u> <u>Ending</u>	<u>Amount</u>
2005	\$9,600
2006	9,150

The library has no capital leases.

Note #8      LITIGATION AND CLAIMS

The library is not involved in litigation at December 31, 2004.

Note #9      LEVIED TAXES

The following is a summary of levied ad valorem taxes for 2004.

Parish wide maintenance tax

East Feliciana	2.50
St. Helena	2.50

Note #10     BOARD MEMBERS PER DIEM

The board members are not paid per diem nor compensation for their service.

AUDUBON REGIONAL LIBRARY  
CLINTON, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004  
(Continued)

Note #11      RISK MANAGEMENT

The Audubon Regional Library is exposed to various risks of loss including injuries to workers, criminal or property damage, theft and other possible related claims. The library purchases commercial insurance to minimize this risk of loss from these types of occurrences. There was no significant reductions in insurance coverage from the prior year.

Note #12      SUBSEQUENT EVENT

In summary, West Feliciana Parish withdrew from the Audubon Regional Library System effective December 31, 2003. The Audubon Regional Library System and its Board of Commissioners has had no authority or responsibility over the funds dedicated for use in West Feliciana Parish since May 15, 2002 and is not accountable for those funds after the transfer of the funds to West Feliciana Parish on May 15, 2002. All assets of the Audubon Regional Library System will remain in their location as of December 31, 2003. West Feliciana Parish is allotted the fixed assets and books and other assets in West Feliciana Parish as of December 31, 2003. The Audubon Regional Library is allotted all other assets. West Feliciana Parish shall pay thirty-eight thousand five hundred eighty-seven and 93/100 (\$38,587.93) dollars to the Audubon Regional Library.

The fee of Judge Luther F. Cole, Retired, is fixed at nine hundred thirty-seven and 50/100 (\$937.50) dollars and is taxed as costs.

West Feliciana Parish is cast with all costs.

Judgment will be signed accordingly.

Clinton, Louisiana this 28<sup>th</sup> day of April, 2005.

## SPECIAL REVENUE FUNDS

### Sarah T. Jones Memorial Fund

Sarah T. Jones Memorial Fund accounts for funds donated to the library by friends of Sarah T. Jones. These funds are to be used exclusively for the purchase of furniture and equipment for the library.

### Judge William T. Bennett Memorial Fund

The Judge William T. Bennett Memorial Funds accounts for funds donated to the library by friends of Judge William T. Bennett. These funds are to be used for furnishings, decorations or equipment for the library.

### Elizabeth R. Jones Memorial Fund

The Elizabeth R. Jones Memorial Fund accounts for funds donated to the library by friends of Elizabeth R. Jones. The specified purposes for these funds have not been established. At the request of the Board of Commissioners the funds were transferred to the Louisiana Library Foundation on July 27, 2004.

### Robert R. Jones Memorial Fund

The Robert R. Jones Memorial Fund accounts for funds donated to the library by friends of Robert R. Jones. The specified purpose for these funds have not been established. At the request of the Board of Commissioners the funds were transferred to the Louisiana Library Foundation on July 27, 2004.

AUDUBON REGIONAL LIBRARY  
 CLINTON, LOUISIANA  
 SPECIAL REVENUE FUNDS  
 BALANCE SHEET  
 DECEMBER 31, 2004

	SARAH T. JONES MEMORIAL FUND	JUDGE WILLIAM T. BENNETT MEMORIAL FUND	TOTAL (MEMORANDUM ONLY)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b><u>ASSETS AND OTHER DEBITS</u></b>			
Assets			
Investments, or authorized cost	<u>\$1,295</u>	<u>\$895</u>	<u>\$2,190</u>
<b><u>Total Assets</u></b>	<u>1,295</u>	<u>895</u>	<u>2,190</u>
 <b>LIABILITIES, EQUITY AND OTHER EQUITY</b>			
<b>EQUITY AND OTHER CREDITS</b>			
Fund balance - Unreserved, undesignated	<u>\$1,295</u>	<u>\$895</u>	<u>2,190</u>

The accompanying notes are an intergral part of this statement

AUDUBON REGIONAL LIBRARY  
 CLINTON, LOUISIANA  
 SPECIAL REVENUE FUNDS  
 STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES  
 DECEMBER 31, 2004

	SARAH T. JONES MEMORIAL FUND	JUDGE WILLIAM T. BENNETT MEMORIAL FUND	ELIZABETH R. JONES MEMORIAL FUND
<b>REVENUES</b>			
Interest earnings	\$21	\$15	\$24
<b>Total Revenues</b>	<b>21</b>	<b>15</b>	<b>24</b>
<b>EXPENDITURES</b>			
Travel	0	0	0
<b>Total Expenditures</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>			
	<b>21</b>	<b>15</b>	<b>24</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>			
	1,274	880	1,708
<b>TRANSFER OUT</b>			
			(1,732)
<b>FUND BALANCES AT END OF YEAR</b>			
	<b>1,295</b>	<b>895</b>	<b>0</b>

The accompanying notes are an intergral part of this statement

ROBERT R. JONES MEMORIAL FUND	TOTAL (MEMORANDUM ONLY)
<u>\$15</u>	<u>\$75</u>
<u>15</u>	<u>75</u>
<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>
<u>15</u>	<u>75</u>
585	4,447
<u>(600)</u>	<u>(2,332)</u>
<u>0</u>	<u>2,190</u>

The accompanying notes are an intergral part of this statement

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**REQUIRED SUPPLEMENTARY INFORMATION**

AUDUBON REGIONAL LIBRARY  
 CLINTON, LOUISIANA  
 COMBINED STATEMENT OF REVENUES  
 EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP BASIS) AND ACTUAL  
 GENERAL FUND  
 YEAR ENDED DECEMBER 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>			
Ad valorem taxes	\$205,000	\$237,700	\$32,700
State revenue sharing	46,000	47,393	1,393
State grants	18,000	45,573	27,573
Local grants	6,000	14,950	8,950
Interest earnings	2,000	1,950	(50)
Fees and charges for library services	3,000	2,379	(621)
Fines and forfeitures	1,000	1,300	300
Donations and gifts	700	2,435	1,735
Miscellaneous	500	120	(380)
<b>Total revenues</b>	<b>282,200</b>	<b>353,800</b>	<b>71,600</b>
<b>EXPENDITURES</b>			
Salaries and related benefits	201,439	178,189	23,250
Professional services	8,000	20,657	(12,657)
Insurance	12,000	10,074	1,926
Materials and supplies	26,500	14,454	12,046
Repairs and maintenance	3,000	9,168	(6,168)
Telephone and utilities	9,500	14,955	(5,455)
Rents	14,100	13,389	711
Intergovernmental	8,240	8,240	0
Travel	1,000	1,424	(424)
Other	1,200	2,237	(1,037)
Capital outlay	27,000	27,694	(694)
<b>Total Expenditures</b>	<b>311,979</b>	<b>300,481</b>	<b>11,498</b>

The accompanying notes are an intergral part of this statement



AUDUBON REGIONAL LIBRARY  
 CLINTON, LOUISIANA  
 COMBINED STATEMENT OF REVENUES  
 EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP BASIS) AND ACTUAL  
 GENERAL FUND  
 YEAR ENDED DECEMBER 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>EXCESS OF REVENUES</u>			
<u>  <u>OVER EXPENDITURES</u></u>	<u>(29,779)</u>	<u>53,319</u>	<u>23,540</u>
FUND BALANCE AT BEGINNING OF YEAR (Restated)		<u>337,066</u>	
FUND BALANCE AT END OF YEAR		<u>\$390,385</u>	

The accompanying notes are an integral part of this statement

**SUPPLEMENTAL INFORMATION**

**AUDUBON REGIONAL LIBRARY**  
**CLINTON, LOUISIANA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**As of and for the Year Ended December 31, 2004**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness (es) identified? \_\_\_ Yes \_\_x\_\_ No

Reportable condition (s) identified not considered to be material weaknesses? \_\_\_ Yes \_\_x\_\_ No None reported

Noncompliance material to financial statements noted? \_\_\_ Yes \_\_x\_\_ No

**SECTION II - FINANCIAL STATEMENT FINDINGS**

There were no financial statement findings

**AUDUBON REGIONAL LIBRARY**  
**CLINTON, LOUISIANA**

**Summary Schedule of Prior Audit Findings**  
**For the Year Ended December 31, 2004**

<b><u>REF. NO.</u></b>	<b><u>Fiscal Year Finding Initially Occurred</u></b>	<b><u>Description of Finding</u></b>	<b><u>Corrective Action Taken (Yes,No,Partially)</u></b>	<b><u>Planned Corrective Actions/Partial Corrective Action Taken</u></b>	<b><u>Additional Explanation</u></b>
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**Section I - Internal Control and Compliance Material to the Financial Statements:**

There were no prior year audit findings.

**Section II - Internal Control and Compliance Material to Federal Awards:**

Not applicable.

**Section III - Management Letter:**

No management letter was issued.

**AUDUBON REGIONAL LIBRARY**  
**CLINTON, LOUISIANA**

**Corrective Action Plan for  
Current Year Audit Findings  
For The Year Ended December 31, 2004**

<b><u>REF. NO.</u></b>	<b><u>Description of Finding</u></b>	<b><u>Corrective Action Planned</u></b>	<b><u>Name of Contact Person</u></b>	<b><u>Anticipated Completion Date</u></b>
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**Section I - Internal Control and Compliance Material to the Financial Statements:**

**There were no current year audit findings.**

**Section II - Internal Control and Compliance Material to Federal Awards:**

**Not applicable.**

**Section III - Management Letter:**

**No management letter was issued.**