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Financial Report

Terrebonne Parish Library

Houma, Louisiana

December 31, 1995

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Release Date ~~JUN 26 1996~~

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Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Control,
Terrebonne Parish Library,
Houma, Louisiana.

We have audited the accompanying general purpose financial statements of the Terrebonne Parish Library (the Library), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 1995, as listed in the table of contents. These general purpose financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Library as of December 31, 1995, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated May 28, 1996 on our consideration of the Terrebonne Parish Library's internal control structure and a report dated May 28, 1996 on its compliance with laws and regulations.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, La.,
May 28, 1996.

COMBINED BALANCE SHEET
GOVERNMENTAL FUND TYPE AND ACCOUNT GROUPS

Terrebonne Parish Library

December 31, 1995

	Governmental Fund Type - General Fund	Account Groups General Fixed Assets	General Long- Term Obligations	Total (Memorandum Only)
ASSETS				
Cash	\$ 26,606	\$ -	\$ -	\$ 26,606
Investments	29,974	-	-	29,974
Receivables - taxes	80,101	-	-	80,101
Due from Terrebonne Parish Consolidated Government	56,026	-	-	56,026
Due from other governmental units	738,981	-	-	738,981
Due from federal government	7,857	-	-	7,857
Fixed assets	-	8,273,195	-	8,273,195
Amount to be provided for retirement of general long-term obligations	-	-	31,819	31,819
Totals	\$ 939,545	\$ 8,273,195	\$ 31,819	\$ 9,244,559
LIABILITIES				
Accounts payable and accrued expenses	\$ 20,350	-	-	\$ 20,350
Due to Terrebonne Parish Consolidated Government	51,480	-	-	51,480
Other long term obligations	-	-	31,819	31,819
Total liabilities	71,830	-	31,819	103,649
FUND EQUITY				
Investment in general fixed assets	-	\$ 8,273,195	-	8,273,195
Fund balance - unreserved	867,715	-	-	867,715
Total fund equity	867,715	8,273,195	-	9,140,910
Totals	\$ 939,545	\$ 8,273,195	\$ 31,819	\$ 9,244,559

See notes to financial statements.

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

Terrebonne Parish Library

For the year ended December 31, 1995

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes - ad valorem	\$ 777,100	\$ 829,901	\$ 52,801
Intergovernmental -			
State of Louisiana:			
State revenue sharing	78,000	77,301	(699)
Department of Education -			
Federal Grant	30,774	37,310	6,536
Charges for services	14,000	13,356	(644)
Fines and forfeitures	13,500	13,369	(131)
Miscellaneous:			
Interest	24,950	24,859	(91)
Other	60,321	61,601	1,280
Total revenues	<u>998,645</u>	<u>1,057,697</u>	<u>59,052</u>
Expenditures			
General Government:			
Ad valorem tax adjustment	-	10,622	(10,622)
Ad valorem tax deductions	38,800	39,982	(1,182)
Total general government	<u>38,800</u>	<u>50,604</u>	<u>(11,804)</u>
Culture and Recreation:			
Personal services	569,125	564,391	4,734
Supplies and materials	31,775	31,251	524
Other services and charges	181,521	132,470	49,051
Repairs and maintenance	69,172	54,651	14,521
Capital expenditures	152,478	198,602	(46,124)
Grant expenditures	30,774	37,312	(6,538)
Total culture and recreation	<u>1,034,845</u>	<u>1,018,677</u>	<u>16,168</u>
Debt Service:			
Principal retirement		2,502	(2,502)
Interest and fiscal charges		2,100	(2,100)
Total debt service		<u>4,602</u>	<u>(4,602)</u>
Total expenditures	<u>1,073,645</u>	<u>1,073,883</u>	<u>(238)</u>
Excess (deficiency) of revenues over expenditures	(75,000)	(16,186)	58,814
Other Financing Source			
Capital leases	-	34,321	34,321
Excess (Deficiency) of Revenues and Other Source Over Expenditures	(75,000)	18,135	93,135
Fund Balance			
Beginning of year	849,580	849,580	-
End of year	<u>\$ 774,580</u>	<u>\$ 867,715</u>	<u>\$ 93,135</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Terrebonne Parish Library**

December 31, 1995

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Terrebonne Parish Library (the Library) conform to generally accepted accounting principles as applicable to governments. The following is a summary of significant accounting policies.

a) Reporting Entity

The Library is a component unit of the Terrebonne Parish Consolidated Government (the Parish) and as such, these financial statements will be included in the comprehensive annual financial report of the Parish for the year ended December 31, 1995.

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

b) Fund Accounting

The Library uses 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. An account group, on the other hand, 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.

Governmental Funds

Governmental Funds are those through which most governmental functions of the Library are financed. The acquisition, use and balances of the Library's expendable financial resources and the related liabilities are accounted for through Governmental Funds.

The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following is the Governmental Fund of the Library:

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Fund Accounting (Continued)

Governmental Funds (Continued)

General Fund - The General Fund is the general operating fund of the Library. It is used to account for all financial resources except those that are required to be accounted for in another fund.

c) Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All Governmental Funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Ad valorem taxes are considered "measurable" at the time of levy. Miscellaneous revenues and fines and forfeitures are recorded as revenues when received in cash by the Library because they are generally not measurable until actually received. Charges for services are recorded when earned since they are measurable and available.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

d) Operating Budgetary Data

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

The general fund budget is adopted on a basis materially consistent with generally accepted accounting principles.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Bad Debts

The financial statements of the Library contain no allowance for bad debts. Uncollectible receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operation of the General Fund.

f) Investments

Investments are stated at cost, which approximates market.

g) Fixed Assets

The accounting and reporting treatment applied to the fixed assets associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Books disposed of are accounted for at 75% of the average cost of a new book. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are not capitalized. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated. Fixed assets with an estimated historical cost amounted at approximately \$4,044,274 or 49% of the total General Fixed Assets Account Group.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Fixed Assets (Continued)

The General Fixed Assets Account Group is not a "fund". It is concerned only with the measurement of financial position. It is not involved with the measurement of results of operations.

h) Accumulated Vacation and Sick Leave

Full-time employees are granted between 10 and 20 days of vacation each calendar year for the first five years of employment. An additional day is granted for every five years worked thereafter. Vacation time does not vest. Any unused vacation time remaining at December 31 is forfeited. Sick leave is granted to full-time employees at a rate of 10 days per year with all 10 days granted on January 1. Sick leave can be accumulated up to a maximum of 20 days. Sick leave does not vest and no payments are made to employees upon retirement or termination of employment.

i) Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments are recorded in the fund general ledgers, is not utilized by the Library.

j) Total Column on Combined Statements - Overview

The total column on the combined statements - overview is captioned memorandum only to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations, in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Note 2 - CASH AND INVESTMENTS

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of state or national banks having their principal office in Louisiana or any other federally insured investment.

State law also requires that deposits of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes the FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United

Note 2 - CASH AND INVESTMENTS (Continued)

States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

During the year the Library's investments consisted solely of certificates of deposit. The Library's cash and investments are not in excess of the FDIC insurance.

Note 3 - PROPERTY TAXES

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the Terrebonne Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 1992. Taxes are due and payable December 31, with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which taxes have not been paid are sold. The tax rate for the year ended December 31, 1995 was \$3.03 per \$1,000 of assessed valuation on property parish wide.

Note 4 - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance January <u>1, 1995</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	Balance December <u>31, 1995</u>
Land	\$ 53,225	\$ -	\$ -	\$ -	\$ 53,225
Buildings	1,692,572	1,584	-	-	1,694,156
Office furniture and equipment	564,743	73,567	46,878	-	591,432
Books	<u>2,505,225</u>	<u>117,904</u>	<u>-</u>	<u>3,311,253</u>	<u>5,934,382</u>
Totals	<u>\$4,815,765</u>	<u>\$193,055</u>	<u>\$46,878</u>	<u>\$3,311,253</u>	<u>\$8,273,195</u>

Note 4 - CHANGES IN GENERAL FIXED ASSETS (Continued)

During 1995, the Library conducted a physical inventory of books for all branches. The adjustments reflect the estimated historical cost of books purchased in prior years and not included in General Fixed Assets.

Note 5 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at December 31, 1995 consisted of the following:

Terrebonne Parish Tax Collector - December, 1995 collections remitted to the Library in January, 1996	\$687,447
State of Louisiana - State Revenue Sharing	<u>51,534</u>
Total	<u>\$738,981</u>

Note 6 - LEASE COMMITMENTS

The Library has entered into lease agreements as lessee for financing the acquisition of office equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date in the general fixed assets account group in the amount of \$34,321.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 1995, were as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1996	\$ 6,015	\$2,714	\$ 8,729
1997	6,601	2,128	8,729
1998	7,243	1,486	8,729
1999	7,951	778	8,729
2000	<u>4,009</u>	<u>118</u>	<u>4,127</u>
Totals	<u>\$31,819</u>	<u>\$7,224</u>	<u>\$39,043</u>

Note 6 - LEASE COMMITMENTS (Continued)

In addition, the library rents office equipment on a monthly basis. The monthly rentals for this office equipment amounted to \$7,607.

Note 7 - DEFERRED COMPENSATION PLAN

Full-time employees of the Library have the option to participate in a deferred compensation program. The maximum compensation that may be deferred under the plan for the participant's taxable year is as indicated in the Internal Revenue Regulations. Additional deferrals are allowed in certain years prior to retirement.

The Library has the responsibility for withholding and remitting contributions from participants to the plan. Two employees of the Library are participants in the plan. The Public Employees Benefit Services Corporation, who serves as administrator, has the responsibility for maintaining a deferred account with respect to each participant, investing the participant's account in accordance with the participant's investment specifications and reporting annually to the participant and the Board on the status of the plan.

All assets of the plan, including all deferred amounts and all income attributable to such deferred amounts, are the assets of the Library and are subject to all the claims of creditors of the Library. Employees of the Library who participate in the plan are included in the same plan as employees of Terrebonne Parish Consolidated Government (the Parish). The assets and liabilities of this plan are included in the annual report of the Parish.

Note 8 - DEFINED BENEFIT PENSION PLAN

Full-time employees of the Library are participants in the State Parochial Employees' Retirement System of Louisiana (the System), a cost-sharing, multiple-employer public employee retirement system, which is 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 separate benefit provisions. All Library employees who are members of the system are in Plan B. For the year ended December 31, 1994, the estimated total payroll for employees in the system was \$28,640,627. The total payroll for all covered employees of the Library was approximately \$348,244 for the year ended December 31, 1995.

Note 8 - DEFINED BENEFIT PENSION PLAN (Continued)

All permanent employees working at least 28 hours per week, who meet the age requirements, and who are paid wholly or in part from Library funds must be members of the System, and all elected parish officials are eligible to voluntarily participate in the System. Under Plan B, employees who retire at or after age 62 with at least 10 years of credited service, or at or after age 55 with 30 years of credited service, are entitled to a retirement benefit, payable monthly for life, equal to 2% of their final- average salary (final-average salary is the employee's average salary over the 36 consecutive or joined months which produce the highest average) for each year of credited service. Furthermore, employees with at least 10 years, but less than 30 years of credited service, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3% for each year retirement precedes age 62.

In any case, monthly retirement benefits paid under Plan B cannot exceed the lesser of 100% of final-average salary or \$70 multiplied by total years of credited service. Employees who terminate with at least the amount of credited service stated previously, and who do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

Contributions to the System include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each parish, except Orleans and East Baton Rouge parishes. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. State statute requires employees covered by Plan B to contribute 2% of their salary to the System; the Library must contribute 1.0% of the salary for each employee.

Although contributions are determined by state statute rather than actuarial calculations, actuarially required contributions are determined for the System. For the year ended December 31, 1994, the System's total actuarially required contribution, using the individual attained age normal cost method, for Plan B was \$299,992. The total projected payroll for 1995 of all covered employees of the System was \$29,797,410.

For the year ended December 31, 1994, the total actuarially required contribution for Plan B is 1.01% of the total projected payroll for 1995 of all Plan B members. It is estimated that dedicated taxes and contributions received by the System for the year ended December 31, 1994, were 4.66% of projected payroll for 1995. This is 3.65% more than is actuarially required.

Note 8 - DEFINED BENEFIT PENSION PLAN (Continued)

The actual and statutorily required contribution by the Library for the year ended December 31, 1995 for Plan B was \$10,447, which consisted of \$3,482 as the employer contribution and \$6,965 from covered employees. The actuarially required contribution (computed as 1.01% of the total projected payroll for employees in the System) by the Library and its employees for the year ended December 31, 1995 for Plan B is approximately \$3,517, which represents 1.17% of the total actuarially required contribution of all participating employers and employees in Plan B.

The "pension benefit obligation" is a standardized disclosure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among public employee retirement systems and employers. The System does not make separate measurements of assets and pension benefit obligations for individual employers. The pension benefit obligation at December 31, 1994 for the System as a whole, determined through an actuarial valuation performed as of that date, was \$32,761,741. The System's net assets available for benefits on that date were \$45,416,793, resulting in an excess of assets of \$12,655,052.

Detailed information for the System is presented in its December 31, 1994 financial report. The Library does not guarantee the benefits granted by the System.

Note 9 - COMPENSATION OF BOARD MEMBERS

No compensation was paid to Board Members for the year ended December 31, 1995.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS



Bourgeois Bennett

**INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROL
STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Control,
Terrebonne Parish Library,
Houma, Louisiana.

We have audited the general purpose financial statements of Terrebonne Parish Library (the Library), a component unit of the Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 1995, and have issued our report thereon dated May 28, 1996.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The management of the Library is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of the District for the year ended December 31, 1995, we obtained an understanding on the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses.

This report is intended for the information of the Board of Control, management, the State of Louisiana and the Legislative Auditor for the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Bouges & Bennett, L.L.C.

Certified Public Accountants.

Houma, La.,
May 28, 1996.



Bourgeois Bennett

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED ON AN
AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Control,
Terrebonne Parish Library,
Houma, Louisiana.

We have audited the general purpose financial statements of Terrebonne Parish Library (the Library), a component unit of the Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 1995, and have issued our report thereon dated May 28, 1996.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts and grants applicable to the Library is the responsibility of the Library's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the Library's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under Government Auditing Standards.

This report is intended for the information of the Board of Control, management, the State of Louisiana and the Legislative Auditor for the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, La.,
May 28, 1996.

1340 West Tunnel Blvd., Suite 430
P.O. Box 2168
Houma, LA 70361-2168
Phone (504) 868-0139
Fax (504) 879-1949

Certified Public
Accountants | Consultants
A Limited Liability Company

P.O. Box 60600
New Orleans, LA 70160-0600
Heritage Plaza, Suite 800
Phone (504) 831-4949
Fax (504) 833-9093

504 West Second Street
P.O. Box 1205
Thibodaux, LA 70302-1205
Phone (504) 447-5243

COMMUNICATIONS LETTER



Bourgeois Bennett

COMMUNICATIONS WITH BOARD OF CONTROL

To the Board of Control,
Terrebonne Parish Library,
Houma, Louisiana.

In fulfilling our responsibility as Terrebonne Parish Library auditors for the year ended December 31, 1995, we are required to communicate to the Board of Control certain matters related to the conduct of our audit.

1) AUDITOR'S RESPONSIBILITY UNDER GENERALLY ACCEPTED AUDITING STANDARDS AND GOVERNMENT AUDITING STANDARDS

Our audit was conducted in accordance with generally accepted auditing standards and "Government Auditing Standards" issued by the Comptroller General of the United States which require that we plan and perform the audit to obtain reasonable assurance about whether the statements are free of material misstatements.

As required, separate letters have been issued on internal control and compliance with laws and regulations.

2) SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies are described in Note 1 to the component unit financial statements. No new accounting policies were adopted nor required to be adopted for the year ended December 31, 1995.

3) SIGNIFICANT AUDIT ADJUSTMENTS

We did not initiate any significant audit adjustments during our recent audit. Year end adjustments and closing entries were prepared.

This information is intended solely for the use of the Board of Control and management of Terrebonne Parish Library and should not be used for any other purpose.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, La.,

May 28, 1996

1340 West Turner Blvd., Suite 430
P.O. Box 2168
Houma, LA 70361-2168
Phone (504) 868-0139
Fax (504) 879-1949

Certified Public
Accountants | Consultants
A Limited Liability Company

P.O. Box 60600
New Orleans, LA 70160-0600
Heritage Plaza, Suite 800
Phone (504) 831-4949
Fax (504) 833-9093

504 West Second Street
P.O. Box 1205
Thibodaux, LA 70302-1205
Phone (504) 447-5243

MANAGEMENT LETTER



Bourgeois Bennett

May 28, 1996

To the Board of Control,
Terrebonne Parish Library,
Houma, Louisiana.

In connection with our audit of the general purpose financial statements of the Terrebonne Parish Library, as of and for the year ended December 31, 1995, the following item was noted which we would like to bring to your attention.

INVESTMENT POLICY

The Library does not have an investment policy as required by Louisiana Revised Statute 33:2955. As a result of House Bill No. 872 Act 1126 of the 1995 Legislative Session, all political subdivisions, shall develop and adopt an investment policy that details and clarifies investment objectives and the procedures and constraints necessary to reach those objectives.

We recommend the Library develop and adopt an investment policy. The policy should:

- Reflect the mandate to manage public funds prudently.
- Place appropriate emphasis on the goals of safety of principal first, liquidity second, and yield third.
- Establish internal controls for any derivatives in use to ensure that the risks inherent in derivatives are adequately managed.

We would like to thank Mrs. Blanchard for the help extended to us during our audit. We shall be glad to answer any questions you may have.

Sincerely yours,

Edmond R. Boutein

For the firm.