

Financial Report
Terrebonne Parish Library
Houma, Louisiana
December 31, 2003

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 8.25.04

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FINANCIAL SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Terrebonne Parish Library (the Library), a component unit of Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 2003, which collectively comprise the Library's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Library's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our 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. Those standards require that we 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. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Terrebonne Parish Library as of December 31, 2003, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis on pages 3 through 8 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with Government Auditing Standards, we have also issued our report dated May 4, 2004 on our consideration of Terrebonne Parish Library's internal control over financial reporting and 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.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
May 4, 2004.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Terrebonne Parish Library

The Management's Discussion and Analysis of the Terrebonne Parish Library's (the Library) financial performance presents a narrative overview and analysis of the Library's financial activities for the year ended December 31, 2003. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The District's assets exceeded its liabilities at the close of fiscal year 2003 by \$11,796,139 (net assets), which represents a 2.69% increase from last fiscal year.

The District's revenue decreased \$113,783 (or 2.65%) primarily due to a decrease in interest earnings.

The District's expenses increased \$1,231,732 (or 46.57%) primarily due to the opening of the new main library.

The District did not have any funds with deficit fund balances.

Capital assets increased \$3,069,959 due to the completion of the new main library.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Library's basic financial statements. The Library's annual report consists of four parts: (1) management's discussion and analysis (this section) (2) basic financial statements (3) the optional section that presents other supplementary information and (4) various governmental compliance reports and schedules by certified public accountants and management.

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

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Library's finances, in a manner similar to a private sector business. The statement of net assets presents information on all of the Library's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Library is improving or deteriorating. The statement of activities presents information showing how the Library's net assets change during

each fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs regardless of the timing related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The governmental activity of the Library is culture and recreation and includes various services.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. All of the funds of the Library are governmental funds.

Governmental Funds

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

The Library maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, and the Capital Projects Fund. The Library adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 9 - 13 of this report.

Notes to the Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the Library's financial position. As of December 31, 2003, assets exceeded liabilities by \$11,796,139. A large portion of the Library's net assets (33.30%) reflects its investment in capital assets (e.g., land; buildings; office furniture and equipment; library collection). Consequently, these assets are not available for future spending.

Condensed Statements of Net Assets

	December 31,		Dollar Change
	2003	2002	
Current and other assets	\$ 8,232,647	\$ 12,553,198	\$ (4,320,551)
Capital assets	15,433,032	12,363,073	3,069,959
Total assets	<u>23,665,679</u>	<u>24,916,271</u>	<u>(1,250,592)</u>
Current Liabilities	704,540	1,853,809	(1,149,269)
Long-term liabilities outstanding	11,165,000	11,575,000	(410,000)
Total liabilities	<u>11,869,540</u>	<u>13,428,809</u>	<u>(1,559,269)</u>
Net Assets:			
Invested in capital assets, net of related debt	3,928,543	1,702,784	2,225,759
Restricted	1,842,102	3,081,787	(1,239,685)
Unrestricted	6,025,494	6,702,891	(677,397)
Total net assets	<u>\$ 11,796,139</u>	<u>\$ 11,487,462</u>	<u>\$ 308,677</u>

Governmental Activities

Governmental activities increased the Library's net assets by \$308,677. Key elements of this increase are as follows:

Condensed Changes in Net Assets

	December 31,		Dollar Change	Total Percent Change
	2003	2002		
Revenues:				
Taxes - sales and use	\$ 4,012,460	\$ 3,941,855	\$ 70,605	1.79%
Charges for services	16,847	15,438	1,409	9.13%
Fines and Forfeitures	27,250	18,700	8,550	45.72%
Grants	-	30,327	(30,327)	-100.00%
Miscellaneous				
Interest	104,679	284,077	(179,398)	-63.15%
Other	23,997	8,619	15,378	178.42%
Total Revenues	<u>4,185,233</u>	<u>4,299,016</u>	<u>(113,783)</u>	<u>-2.65%</u>
Expenses:				
Culture and Recreation	3,150,785	1,924,140	1,226,645	63.75%
Interest on long term debt	725,771	720,684	5,087	0.71%
Total expenses	<u>3,876,556</u>	<u>2,644,824</u>	<u>1,231,732</u>	<u>46.57%</u>
Increase in net assets	308,677	1,654,192	(1,345,515)	-81.34%
Net assets beginning of year	11,487,462	9,833,270	1,654,192	16.82%
Net assets end of year	<u>\$ 11,796,139</u>	<u>\$ 11,487,462</u>	<u>\$ 308,677</u>	<u>2.69%</u>

Interest revenue decreased 63.15% due to less funds available for investments and lower interest rates. Other miscellaneous revenue, includes gifts and donations received in connection with the opening of the new main library. Culture and recreation expenses increased 63.75% largely due to the opening of the new main library. The building expanded from 8,500 square feet to 70,000 square feet, therefore more hiring was done to staff the new main library, and insurance costs also increased. There was also the purchasing of materials to set up the new main library.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the Library uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Library's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Library's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of

the end of the current fiscal year, the Library's governmental funds reported combined ending fund balances of \$8,062,896, a decrease of \$3,073,296 in comparison with the prior year. An unreserved fund balance of \$6,010,648 is available for spending at the Library's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to the bonds.

The General Fund is the chief operating fund of the Library. At the end of the current fiscal year, unreserved fund balance of the general fund was \$5,978,654, while total fund balances reached \$8,062,896. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balances and total fund balance to total fund expenditures. The fund balance of the Library's General Fund decreased by \$690,407 during the current fiscal year. The key factor of this reduction was transfers to other funds for the payment of debt service and capital projects.

The Debt Service Fund has a total fund balance of \$2,052,248. The increase in fund balance of \$59,918 was largely due to increase in interest earnings.

The Capital Projects Fund has a total fund balance of \$31,994. The decrease in fund balance of \$2,442,807 was due to the completion of the new main library.

General Fund Budgetary Highlights

The budget was amended one time during the year. The primary reasons for amending the budget were to prevent compliance violations under state law. The major differences between the original General Fund budget and the final amended budget were as follows:

Revenues

- Variations in revenue reflect an increase in expected sales tax collections, but at the same time lower interest earnings.

Expenditures

- Variations in expenditures reflects an increase in the cost of health insurance and additional staff, the cost of utilities, bookkeeping fees and insurance and service contracts on office equipment and items needed to open the new main library.

During the year, revenues were slightly less, \$1,255, than budgetary estimates and expenditures were \$167,961 less than budgetary estimates.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Library's investment in capital assets for its governmental activities as of December 31, 2003, amounts to \$15,433,032 (net of accumulated depreciation). This investment in capital assets includes land, buildings, office furniture and equipment and library collections (see table on next page).

	<u>2003</u>	<u>2002</u>
Land	\$ 53,225	\$ 53,225
Construction in progress	-	11,082,859
Buildings	14,961,967	1,477,029
Office furniture and equipment	1,525,884	959,426
Library Collection	<u>7,517,473</u>	<u>6,794,810</u>
Totals	<u>\$ 24,058,549</u>	<u>\$ 20,367,349</u>

Major capital asset events during the current fiscal year included the following:

- The completion of the new main library.
- Purchases of office furniture and equipment and the library collection for the new main library.

Additional information on the Library's capital assets can be found in the Note 3, Exhibit F of this report.

Long-term Debt

At December 31, 2003, the Library had \$11,575,000 in long-term debt outstanding down from \$11,960,000 for a decrease of \$385,000, which was the amount of 2003 principal payments on outstanding debt. More detailed information about the Library's long-term debt is presented in Note 4, Exhibit F of this report.

The Library's bonds maintain an "Aaa" rating from Moody's Investors Service and an "AAA" rating from Standard and Poor's Rating Service.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Board of Directors considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- The Library's 2004 cash flow will follow 2003 with a slight increase in fines and forfeitures due to an increase of patrons visiting the facilities.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Library's finances for all those with an interest in the Library's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Board of Directors of the Terrebonne Parish Library, Houma, Louisiana 70360.

STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET

Terrebonne Parish Library

December 31, 2003

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments (Exhibit B)	Statement of Net Assets
Assets						
Cash	\$ 83,716	\$ -	\$ -	\$ 83,716	\$ -	\$ 83,716
Investments	5,085,240	2,052,248	158,292	7,295,780	-	7,295,780
Receivables:						
Sales and use taxes	399,627	-	-	399,627	-	399,627
Other	-	-	-	-	31,738	31,738
Due from other funds	67,550	-	-	67,550	(67,550)	-
Due from Terrebonne Parish Consolidated Government	35,281	-	-	35,281	-	35,281
Due from Terrebonne Parish Sales and Use Tax Department - sales and use taxes	315,994	-	-	315,994	-	315,994
Deferred bond issuance costs	-	-	-	-	70,511	70,511
Capital assets:						
Non-depreciable	-	-	-	-	53,225	53,225
Depreciable, net of accumulated depreciation	-	-	-	-	15,379,807	15,379,807
Total assets	\$ 5,987,408	\$ 2,052,248	\$ 158,292	\$ 8,197,948	15,467,731	23,665,679
Liabilities						
Accounts payable and accrued expenditures	\$ 8,754	-	\$ 48,748	\$ 57,502	227,038	284,540
Liability for work completed on contracts	-	-	10,000	10,000	-	10,000
Due to other funds	-	-	67,550	67,550	(67,550)	-
Long-term liabilities						
Due within one year	-	-	-	-	410,000	410,000
Due after one year	-	-	-	-	11,165,000	11,165,000
Total liabilities	8,754	-	126,298	135,052	11,734,488	11,869,540
Fund Balances/Net Assets						
Fund balances:						
Reserved:						
Subsequent year's expenditures	-	-	-	-	-	-
Debt service	-	2,052,248	-	2,052,248	(2,052,248)	-
Unreserved - undesignated	5,978,654	-	31,994	6,010,648	(6,010,648)	-
Total fund balances	5,978,654	2,052,248	31,994	8,062,896	(8,062,896)	-
Total liabilities and fund balances	\$ 5,987,408	\$ 2,052,248	\$ 158,292	\$ 8,197,948		
Net assets:						
Invested in capital assets, net of related debt					3,928,543	3,928,543
Restricted:						
Debt service					1,842,102	1,842,102
Unrestricted					6,025,494	6,025,494
Total net assets					\$ 11,796,139	\$ 11,796,139

See notes to financial statements.

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

Terrebonne Parish Library

December 31, 2003

Fund Balances - Governmental Fund		\$ 8,062,896
 Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.		
Governmental capital assets	\$ 24,058,549	
Less accumulated depreciation	<u>(8,625,517)</u>	15,433,032
 Other assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Accrued interest receivable	31,738	
Deferred bond issuance costs	77,845	
Less current year amortization	<u>(7,334)</u>	102,249
 Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Governmental bonds payable	(11,575,000)	
Accrued interest payable	<u>(227,038)</u>	<u>(11,802,038)</u>
 Net Assets of Governmental Activities		 <u>\$ 11,796,139</u>

See notes to financial statements.

**STATEMENT OF ACTIVITIES AND STATEMENT OF
GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES**

Terrebonne Parish Library

For the year ended December 31, 2003

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments (Exhibit D)	Statement of Activities
Revenues						
Taxes - sales and use	\$ 4,012,460	\$ -	\$ -	\$ 4,012,460	\$ -	\$ 4,012,460
Charges for services	16,847	-	-	16,847	-	16,847
Fines and forfeitures	27,250	-	-	27,250	-	27,250
Miscellaneous:						
Interest	86,691	64,448	28,175	179,314	(74,635)	104,679
Other	23,997	-	-	23,997	-	23,997
Total revenues	4,167,245	64,448	28,175	4,259,868	(74,635)	4,185,233
Expenditures/Expenses						
Current:						
Culture and recreation:						
Personal services	1,530,260			1,530,260	-	1,530,260
Supplies and materials	133,488			133,488	-	133,488
Other services and charges	518,154			518,154	-	518,154
Repairs and maintenance	199,865			199,865	-	199,865
Depreciation	-			-	769,018	769,018
Total culture and recreation	2,381,767			2,381,767	769,018	3,150,785
Debt service:						
Principal retirement		385,000		385,000	(385,000)	-
Interest and fiscal charges		727,420		727,420	(1,649)	725,771
Total debt service		1,112,420		1,112,420	(386,649)	725,771
Capital outlay	967,995		2,870,982	3,838,977	(3,838,977)	-
Total expenditures/expenses	3,349,762	1,112,420	2,870,982	7,333,164	(3,456,608)	3,876,556
Excess (deficiency) of revenues over expenditures	817,483	(1,047,972)	(2,842,807)	(3,073,296)	3,381,973	308,677
Other Financing Sources (Uses)						
Operating transfers in	-	1,107,890	400,000	1,507,890	(1,507,890)	-
Operating transfers out	(1,507,890)	-	-	(1,507,890)	1,507,890	-
Total other financing sources (uses)	(1,507,890)	1,107,890	400,000	-	-	-
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(690,407)	59,918	(2,442,807)	(3,073,296)	3,073,296	-
Change in Net Assets	-	-	-	-	308,677	308,677
Fund Balances/Net Assets						
Beginning of year	6,669,061	1,992,330	2,474,801	11,136,192	351,270	11,487,462
End of year	\$ 5,978,654	\$ 2,052,248	\$ 31,994	\$ 8,062,896	\$ 3,733,243	\$ 11,796,139

See notes to financial statements.

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

Terrebonne Parish Library

For the year ended December 31, 2003

Net Change in Fund Balances - Governmental Fund **\$ (3,073,296)**

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 expense.

Capital outlay	\$ 3,838,977	
Depreciation expense	<u>(769,018)</u>	
Excess of capital outlay over depreciation expense		3,069,959

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Decrease in accrued interest receivable		(74,635)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Principal payments		385,000
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Some expenditures reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Amortization of deferred bond issuance costs	(7,334)	
Decrease in accrued interest payable	<u>8,983</u>	<u>1,649</u>

Change in Net Assets of Governmental Activities **\$ 308,677**

See notes to financial statements.

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

Terrebonne Parish Library

For the year ended December 31, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes - sales and use	\$ 3,800,000	\$ 4,000,000	\$ 4,012,460	\$ 12,460
Charges for services	17,000	17,000	16,847	(153)
Fines and forfeitures	23,000	27,225	27,250	25
Grants	30,400	-	-	-
Miscellaneous:				
Interest	100,500	99,275	86,691	(12,584)
Other	19,000	25,000	23,997	(1,003)
Total revenues	3,989,900	4,168,500	4,167,245	(1,255)
Expenditures				
Current:				
Culture and recreation:				
Personal services	1,540,846	1,540,846	1,530,260	10,586
Supplies and materials	87,000	94,000	133,488	(39,488)
Other services and charges	515,877	519,877	518,151	1,723
Repairs and maintenance	218,500	223,500	199,865	23,635
Total culture and recreation	2,362,223	2,378,223	2,381,767	(3,544)
Capital outlay	1,141,500	1,139,500	967,995	171,505
Total expenditures	3,503,723	3,517,723	3,349,762	167,961
Excess of Revenues Over Expenditures	486,177	650,777	817,483	166,706
Other Financing Uses				
Operating transfers out	(1,151,777)	(1,151,777)	(1,507,890)	(356,113)
Net Change in Fund Balances	(665,600)	(501,000)	(690,407)	\$ (189,407)
Fund Balance				
Beginning of year	6,921,249	6,669,061	6,669,061	-
End of year	\$ 6,255,649	\$ 6,168,061	\$ 5,978,654	\$ (189,407)

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Terrebonne Parish Library**

December 31, 2003

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Terrebonne Parish Library (the Library) conform to accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard - setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

a) Reporting Entity

The Library is a department within the Terrebonne Parish Consolidated Government (the Parish) for which the Parish Council appoints an advisory Board of Control. The Library is a component unit of the Parish and as such, these financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ended December 31, 2003.

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) Basis of Presentation

The Library's basic financial statements consist of the government-wide statements on all activities of the Library and the governmental fund financial statements (individual major funds).

Government-wide Financial Statements:

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities for all activities of the Library. As of general rule, the effect of interfund activity has been removed from these statements. The government-wide presentation focuses primarily on the sustainability of the Library as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of Presentation (continued)

Fund Financial Statements:

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

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. The General Fund is always a major fund.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of major capital facilities and is reported as a major fund.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs and is reported as a major fund.

c) Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Government-wide Financial Statements:

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting (continued)

Fund Financial Statements:

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

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the Library considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Sales taxes are considered "measurable" when in the hands of merchants and are recognized as revenue at that time. Charges for services are recorded when earned since they are measurable and available. Fines, forfeitures and miscellaneous revenues are recorded as revenues when received in cash by the Library because they are generally not measurable until actually received. Grant revenues are recognized at the time the Library is entitled to the funds.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt which is recognized when due. Allocations of cost such as depreciation are not recognized in the governmental funds.

d) Use of Estimates

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Operating Budgetary Data

The Board of Control (the Board) adopted a budget for the Library's General Fund. The public hearings and advertisements were conducted. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Board. The Library amended its budget once during the year. All budgeted amounts which are not expended, or obligated through contracts, lapse at year end.

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

f) Accounts Receivable

The financial statements of the Library contain no allowance for uncollectible accounts. Uncollectible amounts due for sales and use taxes and other 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 fund.

g) Investments

Investments are stated at fair value as established by open market, except for the Louisiana Asset Management Pool (LAMP). LAMP is an external pool which is operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than market value to report net assets to compute share prices if certain conditions are met.

Some Library monies are held and invested by the Parish. Investments during the year consisted of Certificates of Deposit, Federal Home Loan Bank Notes, Federal National Mortgage Association (FNMA) Notes, Federal Farm Credit Bank Notes, Federal Home Loan Mortgage Corporation Notes, Federal Agricultural Mortgage Association Notes, United States Treasury Bills and LAMP.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Deferred Bond Issuance Costs

The Library has capitalized deferred bond issuance costs in its government-wide financial statements. Deferred bond issuance costs are amortized over the term of the related debt.

i) Capital Assets

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

Government-wide Financial Statements:

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets, except the library collection, purchased or acquired with an original cost of \$500 or more are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Capital assets with estimated historical costs amounted to \$677,038 or 2.81% of total capital assets. Hardback books purchased prior to January 1, 1999 are valued at their average cost as listed in The 1998 Bowker Annual, a Library and Book Trade Almanac. Effective January 1, 1999 hardback books purchased are valued at historical cost. Other items included in the library collections are valued at historical cost. Library collection items disposed of are accounted for at 100% of the average cost of the item. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

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

Buildings	10 - 40 years
Office furniture and equipment	5 - 10 years
Library Collection	4 - 5 years

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Capital Assets (Continued)

Fund Financial Statements:

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

j) Long-Term Debt

The accounting treatment of long-term debt depends on whether they are reported in the government-wide or fund financial statements.

Government-wide Financial Statements:

All long-term debt to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term debt consists of public library sales tax bonds.

Fund Financial Statements:

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payments of principle and interest reported as expenditures.

k) Accumulated Vacation and Sick Leave

Full-time employees are granted between 10 and 20 days of vacation each calendar year, depending on their length of employment and position. Vacation time does not vest. Any unused vacation time remaining at December 31 is forfeited, however with the director's approval vacation time can be carried to the next year, not to exceed 20 days. 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 that is not used may be accumulated. Sick leave does not vest and no payments are made to employees upon termination of employment.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) Interfund Transfers

Permanent reallocation of resources between funds of the Library are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

m) Fund Equity

Government-wide Statements:

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

- a. Invested in capital assets, net of related debt – 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.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

Note 2 - DEPOSITS AND INVESTMENTS

Some Library monies are held in a cash and investment pool maintained by the Parish and available for use by all funds. The Library's portion of this pool is displayed on the Statements of Net Assets and Governmental Fund Balance Sheet as "cash" and "investments."

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana or any other federally insured investment.

Bank deposits:

State law requires deposits (cash and certificates of deposit) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision, or with an unaffiliated bank or trust company for the account of the political subdivision.

Cash and deposits are categorized into three categories of credit risk.

Category 1 includes deposits covered by federal depository insurance or by collateral held by the Library or its agent in the Library's name.

Category 2 includes deposits covered by collateral held by the pledging financial institution's trust department or its agent in the Library's name.

Category 3 includes deposits covered by collateral held by the pledging financial institution or its trust department or agent but not in the Library's name and deposits which are uninsured or uncollateralized.

The year end balances of deposits are as follows:

	Bank Balances			Book Balance
	Category			
	1	2	3	
Cash	\$134,411	\$ -	\$ 9,386	\$ 83,716
Investments:				
Certificates of deposit	-	-	<u>2,809,097</u>	<u>2,809,097</u>
Totals	<u>\$134,411</u>	<u>\$ -</u>	<u>\$2,818,483</u>	<u>\$2,892,813</u>

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

As mentioned previously, some funds are held and invested by the Parish who has proper pledging to cover funds for the Library. At December 31, 2003, cash and certificates of deposits in excess of the FDIC insurance were collateralized by securities held by unaffiliated banks for the account of the District and the Parish, respectively. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities uncollateralized. Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Investments:

State statutes authorize the Library to invest in the U.S. Treasury, agencies and instrumentalities; commercial paper rated AAA 1, 2, or 3; repurchase agreements and the Louisiana Asset Management Pool.

The Library's investments are categorized to give an indication of the level of risk assumed by the entity at year end.

Category 1 includes investments that are insured or registered or for which the securities are held by the Library or its agent in the Library's name.

Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Library's name.

Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent, but not in the Library's name.

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

At year end the carrying amount of investments are as follows:

	<u>Risk Category</u>			<u>Reported Amount/ Fair Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
Investments subject to categorization:				
Federal Home Loan Bank Notes	\$ 604,745	\$ -	\$ -	\$ 604,745
Federal National Mortgage Association Notes	413,778	-	-	413,778
Federal Home Loan Mortgage Corporation (FHLMC) Notes	1,597,243	-	-	1,597,243
Federal Farm Credit Bank Notes	<u>218,577</u>	<u>-</u>	<u>-</u>	<u>218,577</u>
Totals	<u>\$2,834,343</u>	<u>\$ -</u>	<u>\$ -</u>	2,834,343
Investments not subject to categorization:				
Louisiana Asset Management Pool (LAMP)				<u>1,652,340</u>
Total investments				<u>\$4,486,683</u>

The above investments are held in the name of the Parish by an unaffiliated custodial agent bank.

Investments held at December 31, 2003 consist of \$1,652,340 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section I50.126, the investment in LAMP at December 31, 2003 is not categorized in the three risk categories provided by GASB Codification Section I50.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

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

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed or backed by the U.S. Treasury, the U.S. Government or one of its agencies, enterprises or instrumentalities, as well as repurchase agreements collateralized by those securities.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-R.S. 33:2955(A)(1)(h) which allows all municipalities, parishes, school boards and any other political subdivisions of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. 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 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.

A reconciliation of deposits and investments as shown on the Statement of Net Assets and Governmental Fund Balance Sheet for the Library is as follows:

Carrying amount of deposits	\$ 2,892,813
Carrying amount of investments	<u>4,486,683</u>
Total	<u>\$7,379,496</u>
Cash	\$ 83,716
Investments	<u>7,295,780</u>
Total	<u>\$7,379,496</u>

Note 3 - CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2003 was as follows:

	Balance January 1, 2002	Additions	Deletions	Balance December 31, 2002
Capital assets not being depreciated:				
Land	\$ 53,225	\$ -	\$ -	\$ 53,225
Construction in progress	11,082,859	2,870,982	(13,953,841)	-
Total capital assets not being depreciated	11,136,084	2,870,982	(13,953,841)	53,225
Capital assets being depreciated:				
Buildings	1,477,029	13,484,938	-	14,961,967
Office furniture and equipment	959,426	566,458	-	1,525,884
Library collection	6,794,810	870,440	147,777	7,517,473
Total capital assets being depreciated	9,231,265	14,921,836	147,777	24,005,324
Less accumulated depreciation for:				
Buildings	(1,032,951)	(294,611)	-	(1,327,562)
Office furniture and equipment	(710,227)	(173,367)	-	(883,594)
Library collection	(6,261,098)	(301,040)	(147,777)	(6,414,361)
Total accumulated depreciation	(8,004,276)	(769,018)	(147,777)	(8,625,517)
Total capital assets being depreciated, net	1,226,989	14,152,818	-	15,379,807
Total capital assets, net	\$ 12,363,073	\$ 17,023,800	\$ (13,953,841)	\$ 15,433,032

Construction in progress at December 31, 2002 represented the new main library. This project was completed in 2003 and is included in buildings valued at \$13,484,938 and library collection at \$468,903.

The library collection represents the value of books, periodicals, audios, videos, dvd's and serials.

Note 4 -LONG-TERM DEBT

At December 31, 2003, the Library had outstanding public library sales tax bonds totaling \$11,575,000. The bonds bear interest at 5.869% and are payable through March 1, 2020. The bonds are secured by an irrevocable pledge and dedication of the proceeds of the one-fourth of one percent (1/4%) sales and use tax now being levied and collected.

The following is a summary of changes in the long-term debt of the Library for the year ended December 31, 2003:

Payable, January 1, 2003	\$11,960,000
Principal payment	<u>385,000</u>
 Payable, December 31, 2003	 <u>\$11,575,000</u>

The annual requirements to amortize public library sales tax bonds outstanding at December 31, 2003 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	410,000	666,764	1,076,764
2005	435,000	637,189	1,072,189
2006	460,000	605,864	1,065,864
2007	490,000	576,595	1,066,595
2008	520,000	549,451	1,069,451
2009 - 2013	3,095,000	2,271,055	5,366,055
2014 - 2018	4,140,000	1,247,917	5,387,917
2019 - 2020	<u>2,025,000</u>	<u>123,150</u>	<u>2,148,150</u>
 Totals	 <u>\$11,575,000</u>	 <u>\$6,677,985</u>	 <u>\$18,252,985</u>

Note 5 - RECONCILIATION OF OPERATING TRANSFERS

A reconciliation of operating transfers for the year ended December 31, 2003 is as follows:

	Operating Transfers	
	In	Out
General Fund	\$ -	\$1,507,890
Debt Service Fund	1,107,890	-
Capital Projects Fund	400,000	-
Totals	\$1,507,890	\$1,507,890

Note 6 - RISK MANAGEMENT

The Library is exposed to various risks of loss related to workers' compensation; torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and group health benefits for which the Library carries commercial auto insurance and participates in the Parish's risk management program for general liability, workers' compensation, group insurance and property insurance. No settlements were made during the year that exceeded the Library's insurance coverage. The Library's premiums for general liability are based on various factors such as operations and maintenance budget, exposure and claims experience. The premiums for workers' compensation are based on a fixed percentage of payroll. The premiums for group insurance are based on a fixed rate per employee. The premiums for property insurance are based on the Library's percentage of property value to the total of the Parish's property value covered. The Parish handles all claims filed against the Library. The Library could have additional exposure for claims in excess of the Parish's insurance contracts as described below:

<u>Policy</u>	<u>Coverage Limits</u>
General Liability	\$6,500,000
Workers' Compensation	Statutory
Property Insurance	\$100,000,000

Note 6 - RISK MANAGEMENT (Continued)

Coverage for claims in excess of the above stated limits are to be funded first by assets of the Parish's risk management internal service fund, \$3,448,479 for general liability, workers' compensation and property insurance at December 31, 2002, then secondly by the Library. The Parish is self-insured for the first \$125,000 of each claim relating to group health insurance. The aggregate deductible for all group claims relating to group insurance for 2002 was \$8,550,420. Insurance contracts cover the excess liability, up to \$1,000,000 on individual claims. Each covered employee is subject to a lifetime maximum claims limit of \$1,000,000. Coverage for group health claim liabilities are to be funded first by assets of the Parish's group health internal services fund, \$211,176 at December 31, 2002, then secondly by the Library or the employee for individual claims in excess of \$1,000,000. At December 31, 2003, the Library had no claims in excess of the above coverage limits. Expenditures for premiums to the Parish for insurance coverage during the year ended December 31, 2003 totaled \$457,578.

Note 7 - DEFINED BENEFIT PENSION PLAN

Plan Description - The Library contributes to Plan B of the Parochial Employees' Retirement System of Louisiana (the System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS), which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries. Act 205 of the 1952 Louisiana Legislative Session established the plan. The System is governed by Louisiana Revised Statutes 11:1901 through 11:2015, specifically, and other general laws of the State of Louisiana. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Parochial Employees' Retirement System of Louisiana, P. O. Box 14619, Baton Rouge, Louisiana 70898.

Funding Policy - Plan members are required to contribute 3.00% of their annual covered salary and the Library is required to contribute at an actuarially determined rate. The current rate is 3.75% of annual payroll. In addition, the System also receives a percentage of tax revenues from various taxing bodies. The contribution requirements of plan members and the Library are established and may be amended by state statute. The Library's contributions to the System for the years ending December 31, 2003, 2002 and 2001 were \$31,736, \$19,478, and \$18,219, respectively, equal to the required contributions for each year.

Note 8 - COMPENSATION OF BOARD MEMBERS

No compensation was paid to Board Members for the year ended December 31, 2003.

SUPPLEMENTARY INFORMATION SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

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

Our report on our audit of the basic financial statements of Terrebonne Parish Library (the Library) for the year ended December 31, 2003, appears on pages 1 and 2. That audit was conducted for the purpose of forming an opinion on such basic financial statements taken as a whole. The information contained in the schedule of governmental fund revenues and expenditures - general fund and graphs of governmental fund revenues - general fund and expenditures - general fund for the year ended December 31, 2003 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements for the year ended December 31, 2003, taken as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the governmental fund balance sheets of Terrebonne Parish Library as of December 31, 2002 and 2001, and the related statements of governmental fund revenues, expenditures and changes in fund balance for each of the two years in the period ended December 31, 2002 (none of which is presented herein), and we expressed unqualified opinions on those financial statements. In our opinion, the information presented in the schedule of governmental fund revenues and expenditures - general fund and graphs of governmental fund revenues - general fund and expenditures - general fund for the years ended December 31, 2002 and 2001 is fairly stated in all material respects in relation to the basic financial statements from which it has been derived.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
May 4, 2004.

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**SCHEDULE OF GOVERNMENTAL FUND REVENUES
AND EXPENDITURES - GENERAL FUND**

Terrebonne Parish Library

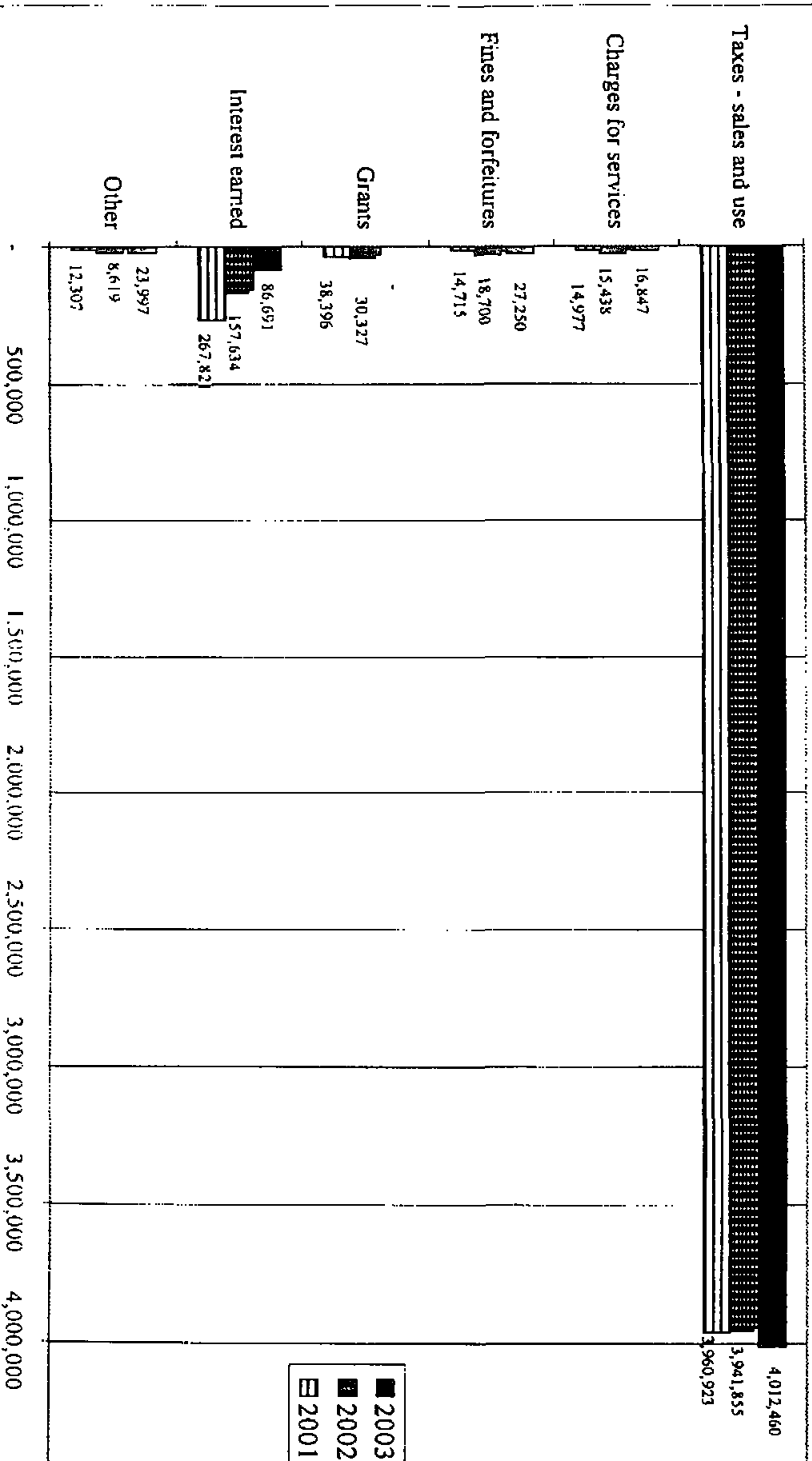
For the years ended December 31, 2003, 2002 and 2001

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Revenues			
Taxes - sales and use	\$ 4,012,460	\$ 3,941,855	\$ 3,960,923
Charges for services	16,847	15,438	14,977
Fines and forfeitures	27,250	18,700	14,715
Grants	-	30,327	38,396
Interest earned	86,691	157,634	267,821
Other	<u>23,997</u>	<u>8,619</u>	<u>12,307</u>
 Total revenues	 <u>\$ 4,167,245</u>	 <u>\$ 4,172,573</u>	 <u>\$ 4,309,139</u>
 Expenditures			
Personal services	\$ 1,530,260	\$ 1,142,197	\$ 1,062,445
Supplies and materials	133,488	67,938	42,056
Other services and charges	518,154	285,253	272,549
Repairs and maintenance	199,865	84,288	154,573
Debt service	-	-	-
Capital outlay	<u>967,995</u>	<u>1,069,355</u>	<u>328,211</u>
 Total expenditures	 <u>\$ 3,349,762</u>	 <u>\$ 2,649,031</u>	 <u>\$ 1,859,834</u>

GOVERNMENTAL FUND REVENUES - GENERAL FUND

Terrebonne Parish Library

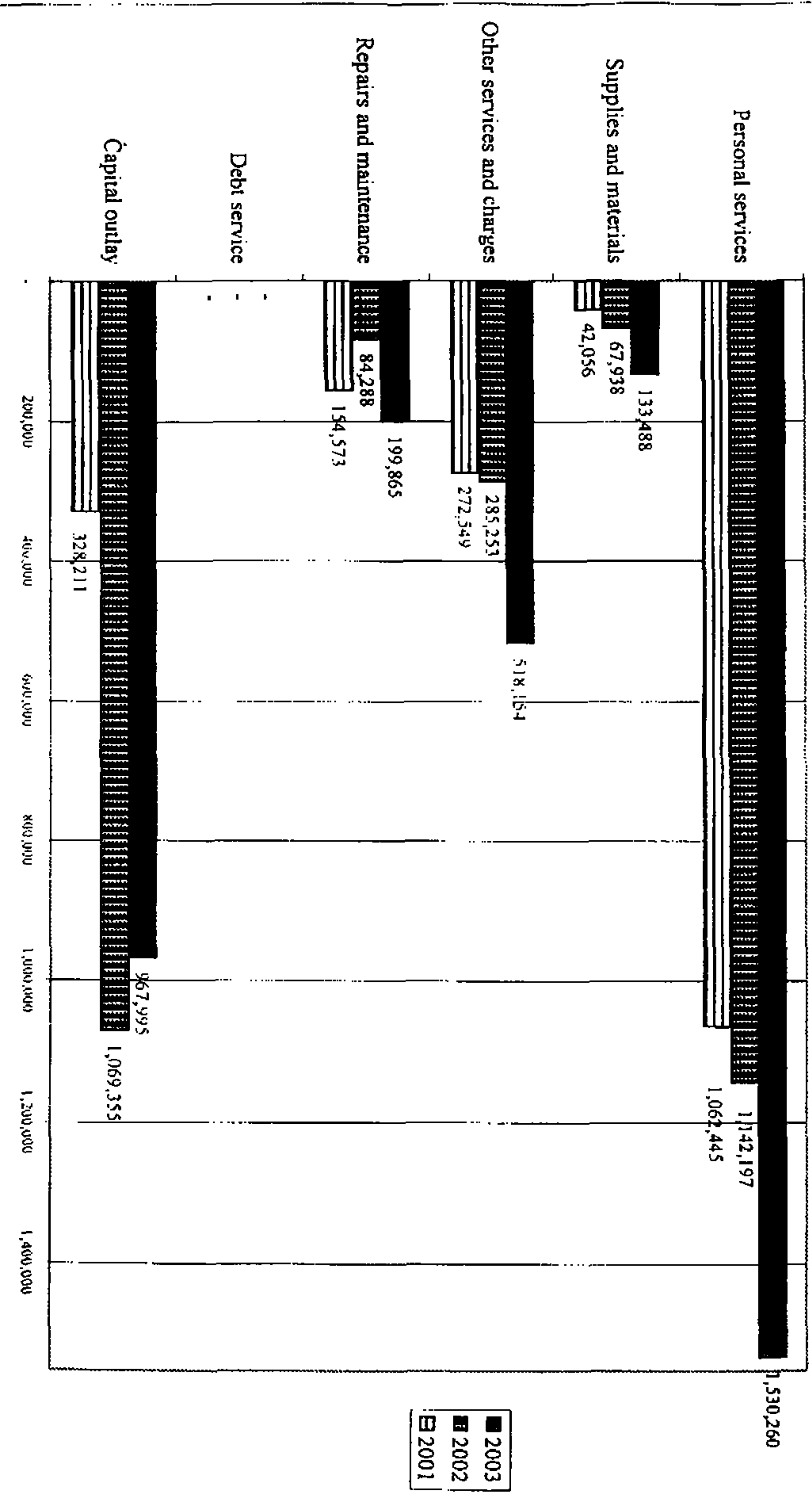
For the years ended December 31, 2003, 2002 and 2001



GOVERNMENTAL FUND EXPENDITURES - GENERAL FUND

Terrebonne Parish Library

For the years ended December 31, 2003, 2002 and 2001



SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS



Bourgeois Bennett

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

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

We have audited the basic financial statements of Terrebonne Parish Library (the Library), a component unit of Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2003, and have issued our report thereon dated May 4, 2004. We conducted our 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 Library's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our 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. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Control, management, the State of Louisiana and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
May 4, 2004.

SCHEDULE OF FINDINGS

Terrebonne Parish Library

For the year ended December 31, 2003

Section I Summary of Auditor's Results

a) 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 that are not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

b) Federal Awards

Terrebonne Parish Library did not receive federal awards during the year ended December 31, 2003.

Section II Financial Statement Findings

No financial statement findings were noted during the audit for the year ended December 31, 2003.

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS

Terrebonne Parish Library

For the year ended December 31, 2003

Section I Internal Control and Compliance Material to the Basic Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended December 31, 2002.
No reportable conditions were reported during the audit for the year ended December 31, 2002.

Compliance

No compliance findings material to the basic financial statements were noted during the audit for the year ended December 31, 2002.

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Library did not receive federal awards during the year ended December 31, 2002.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2002.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Terrebonne Parish Library

For the year ended December 31, 2003

Section I Internal Control and Compliance Material to the Basic Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended December 31, 2003.
No reportable conditions were reported during the audit for the year ended December 31, 2003.

Compliance

No compliance findings material to the basic financial statements were noted during the audit for the year ended December 31, 2003.

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Library did not receive federal awards during the year ended December 31, 2003.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2003.