

LIVINGSTON PARISH LIBRARY COMMISSION

**REPORT ON AUDIT OF
BASIC FINANCIAL STATEMENTS**

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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March 12, 2004

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Livingston Parish Library Commission
Livingston, Louisiana

We have audited the accompanying basic financial statements of the Livingston Parish Library Commission, a component unit of the Livingston Parish Council as of and for the year ended December 31, 2003, as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Livingston Parish Library Commission, as of December 31, 2003, and the results of operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the basic financial statements, the Livingston Parish Library Commission adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments*; and Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of January 1, 2003. This results in a change in the format and content of the basic financial statements.

In accordance with Government Auditing Standards, we have also issued a report dated March 12, 2004, on our consideration of Livingston Parish Library Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

The Management's Discussion and Analysis on pages three through seven is not a required part of the basic financial statements but are 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 supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully submitted,

Harris J. Bourgeois, CPA

Livingston Parish Library Commission
13986 Florida Blvd
Livingston, LA 70754

Management's Discussion and Analysis
As of and for the Year Ended December 31, 2003

General Information

The Livingston Parish Library Commission is a public library established in 1946 to assemble, organize, maintain and make easily available a collection of books and other materials to provide for the recreational, informational, and educational needs of the citizens of the parish of Livingston.

Management's discussion and analysis (MD&A) is a required element of the new reporting model adopted by the Governmental Accounting Standard's Board (GASB) in their statement number 34. Its purpose is to provide an overview of the financial activities of the Livingston Parish Library Commission based on currently known facts, decisions, or conditions. The basic financial statements which include: (1) Government-Wide financial statements, (2) Fund financial statements and (3) Notes to the Basic Financial Statements.

Government-Wide Financial Statements

The Parish Library's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Parish Library's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector, with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the Statement of Net Assets. This is the government-wide statement of position presenting information that includes all of the Parish Library's assets and liabilities, with the difference 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 Parish Library as a whole is improving or deteriorating. Evaluation of the overall health of the Parish Library would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of Parish Library infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities, which reports how the Parish Library's net assets changed during the current calendar year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Parish Library's distinct activities or functions on revenues provided by the Parish Library's taxpayers.

The Government-Wide financial statements are presented on pages 8 and 9 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Parish Library uses a single fund to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Parish Library's only fund, the general fund.

The Parish Library uses only one fund type:

The Governmental fund is reported in the fund financial statements and encompasses the same function reported as governmental activities in the governmental-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Parish Library's governmental fund. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 10-16 on this report.

Notes to the Basic Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 17 of this report.

Financial Highlights

Ad valorem taxes reflect a 9.41 mill tax approved by the voters in 1994. The ad valorem tax expires in 2004 and will be up for renewal in 2005. This 9.41 mills resulted in \$1,499,116 in ad valorem receipts collected in fiscal year 2003 and \$1,323,921 in fiscal year 2002.

Total revenue reflected is \$1,795,060 for 2003 and \$1,597,074 for 2002. This revenue includes parish ad valorem taxes, state revenue sharing, interest, grant funds, charges for photocopies, gifts, and fines.

Library expenditures for 2003 total \$1,019,386 and total \$767,231 for 2002.

Revenue

The library's revenue consists of a parish-wide property tax of 9.41 mills, state revenue sharing, state aid to public libraries, interest earnings, gifts, and miscellaneous fees and forfeitures.

In 2003, the Livingston Parish Library Commission experienced a 13% growth in ad valorem tax revenue due to population growth. However, a decrease of 16.5% in interest income was seen due to low interest rates. Also, in 2003, the State Revenue Sharing Allotment was restored to prior year levels thereby increasing revenues by \$74,628.

Expenditures

Expenditures include: library administration - personnel salaries and benefits; operating services - utilities, communications, maintenance of grounds, buildings, and equipment, insurance on facilities, grounds and vehicles; materials and supplies - office, buildings, grounds, vehicle, and machinery and equipment, major repairs, and library materials; intergovernmental expenditures - contributions to retirement systems and intergovernmental service charges.

Library Administration

Administration costs increased significantly due to increased employee benefit rates and increase in the number of salaried employees.

Capital Outlay

Capital Outlay costs considerably increased due to the purchase of a new automation system for the library.

Intergovernmental Service Charges

Intergovernmental Service Charges increased due to increased employees and a mandatory increase in contribution to the retirement system.

Overview of the Financial Statements

Livingston Parish Library – Operations and Maintenance		
Operating Revenues by Source	2003	2002
Ad Valorem	\$1,499,116	\$1,323,921
State Revenue Sharing	148,036	73,408
Grants	9,840	39,140
Fines and Fees	17,553	13,708
Donations	1,084	653
Interest Income	119,431	143,166
Other Revenues	-	3,078
Total Revenues	1,795,060	1,597,074
Operating Expenditures by Purpose	2003	2002
Library Administration	547,140	412,042
Operating Services	95,164	99,997
Travel	2,432	1,896
Capital Outlay	241,361	131,298
Materials and Supplies	59,933	72,851
Intergovernmental Service Charges	73,356	49,147
Total Operating Expenditures	1,019,386	767,231
Excess of Revenues over Expenditures	\$ 775,674	\$ 829,843

Variations Between Original and Final Budgets

The original and final budgets varied only minimally. While *Property Tax Revenues* were increased by \$100,000 due to the increased assessed values for 2003, *Interest Income* was decreased by \$39,000 based on falling interest rates at the beginning of 2003. *Group Insurance* increased by \$10,000 to account for the higher cost of Health Insurance and Capital Outlay was increased by \$21,500 for additional equipment needs.

Capital Asset and Debt Administration

Capital assets. The Library's investment in capital assets as of December 31, 2003, amounts to \$851,421 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, and the Library collection. The total increase in the Library's investment in capital assets for the current fiscal year was 13.2%. Current year asset additions amounted to \$241,361 while depreciation expense for the year was \$141,822, thereby, increasing the investment in capital assets by \$99,539.

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

- Purchase of new automation system for the libraries in Livingston Parish.

Livingston Parish Library Commission Schedule of Capital Assets Net of Depreciation

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Balance at December 31, 2003</u>
Land	\$ 6,382	\$ -	\$ 6,382
Building	506,200	113,895	392,305
Furniture and Equipment	387,730	268,935	118,795
Vehicles	16,365	13,637	2,728
Library Collection	<u>691,229</u>	<u>360,018</u>	<u>331,211</u>
	\$1,607,906	\$756,485	\$851,421
	<u>=====</u>	<u>=====</u>	<u>=====</u>

Additional information on the Library Commission's capital assets can be found in Note 3 on pages 22 and 23 of this report.

Long-Term Debt. At the end of 2003, the Library Commission had no outstanding bonded debt. But on March 1, 2004, General Obligation Bonds in the amount of \$8,900,000 were issued. The proceeds of these bonds will be used to pay the cost of construction and acquiring and improving the public libraries of Livingston Parish. These bonds will be payable from the annual levy and collection of ad valorem taxes on all the taxable property within the Parish as approved by the voters of Livingston Parish on October 4, 2003.

Economic Factors and Next Year's Budget

The Library Commission's 2004 budget will show increase in revenues of approximately \$8,900,000 due to the 2004 Bond Issue passed for construction on October 4, 2003. Capital Outlay expenditures will also substantially increase in 2004 with the beginning of construction projects. All other aspects of the budget should remain relatively the same.

Conclusion

The Library Commission is maintaining its level of service to the community by continuing to offer public programming and services. Library staff has increased to accommodate the rising use and population in the parish. The library system in Livingston Parish will be expanding into new facilities in the next few years. Currently the library has 27 computers available for library users, as well as expanded book, audio/video and periodical collections. Library programs will increase in the future while continuing to offer computer classes, children's programs and events.

The annual operations and maintenance budget enables the library to provide building and ground maintenance, insurance, staffing, services, resources, and materials to continue serving the needs of Livingston Parish's citizens.

Contacting the Livingston Parish Library

This financial report is designed to provide a general overview of the Livingston Parish Library Commission's finances for those with an interest in the Library's financial position and operations. Questions about this report or requests for additional information may be sent to: Allen Cunningham, Library Director, Livingston Parish Library, P.O. Box 397, Livingston, LA 70754.

FUND FINANCIAL STATEMENTS

LIVINGSTON PARISH LIBRARY COMMISSION

STATEMENT OF NET ASSETS

DECEMBER 31, 2003

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents	\$ 482,674
Investment (Certificate of Deposit - Maturity Greater Than 90 Days)	4,900,000
Property Tax Receivables	1,482,665
Due From Other Governments	38,853
Other Receivables	7,123
Deposits	15
Capital Assets (Net of Accumulated Depreciation)	<u>851,421</u>
Total Assets	<u>\$ 7,762,751</u>
LIABILITIES	
Accounts Payable	\$ 19,526
Property Tax Deductions Payable	63,646
Payroll Taxes Payable	2,445
Long-Term Liabilities Due Within One Year	<u>28,863</u>
Total Liabilities	114,480
NET ASSETS	
Investment in Capital Assets	851,421
Unrestricted	<u>6,796,850</u>
Total Net Assets	<u>7,648,271</u>
Total Liabilities and Net Assets	<u>\$ 7,762,751</u>

The accompanying notes constitute an integral part of this statement.

LIVINGSTON PARISH LIBRARY COMMISSION

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2003

Governmental Activities:

Expenses:

Library Services:

Salaries, Fees Paid and Benefits	\$ 557,571
Operating Services	95,164
Travel	2,432
Library Materials and Supplies	59,933
Intergovernmental	73,356
Depreciation	<u>141,822</u>

Total Expenses 930,278

Program Revenues:

Fees, Fines and Other Charges for Services	<u>17,553</u>
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Net Program Expense 912,725

General Revenues:

Taxes - Property	1,499,116
Grants	9,840
State Revenue Sharing	148,036
Interest Income	119,431
Donations	<u>1,084</u>

Total General Revenues 1,777,507

Change in Net Assets 864,782

Net Assets - Beginning of Year 6,783,489

Net Assets - End of Year \$ 7,648,271

The accompanying notes constitute an integral part of this statement.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

LIVINGSTON PARISH LIBRARY COMMISSION

BALANCE SHEET - GOVERNMENTAL FUND

DECEMBER 31, 2003

	<u>General</u>
ASSETS	
Assets:	
Cash and Cash Equivalents	\$ 482,674
Investment (Certificate of Deposit - Maturity Greater Than 90 Days)	4,900,000
Property Tax Receivables	1,482,665
Due From Other Governments	38,853
Other Receivables	7,123
Deposits	15
Total Assets	<u>\$ 6,911,330</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts Payable	\$ 19,526
Property Tax Deductions Payable	63,646
Payroll Taxes Payable	<u>2,445</u>
Total Liabilities	85,617
Fund Balance:	
Unreserved	<u>6,825,713</u>
Total Fund Balance	<u>6,825,713</u>
Total Liabilities and Fund Balance	<u>\$ 6,911,330</u>

The accompanying notes constitute an integral part of this statement.

LIVINGSTON PARISH LIBRARY COMMISSION
RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET ASSETS

DECEMBER 31, 2003

Fund Balances - Total Governmental Fund \$ 6,825,713

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 funds

Governmental Capital Assets	\$1,607,907
Less: Accumulated Depreciation	<u>(756,486)</u>

851,421

Long-Term Liabilities are not due and payable in the current
period and therefore are not reported in the Governmental
Funds:

Compensated Absences Payable	<u>(28,863)</u>
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Net Assets of Governmental Activities \$ 7,648,271

The accompanying notes constitute an integral part of this statement.

LIVINGSTON PARISH LIBRARY COMMISSION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2003

Revenues:

Taxes - Property	\$ 1,499,116
Fines/Lost Books	17,553
Grants	9,840
State Revenue Sharing	148,036
Interest Income	119,431
Donations	<u>1,084</u>

Total Revenues 1,795,060

Expenditures:

Library Administration	
Salaries, Fees Paid and Benefits:	
Salaries	442,837
Payroll Tax Expense	33,914
Group Insurance	53,019
Retirement Expense	14,368
Workman's Compensation and Unemployment	<u>3,002</u>

547,140

Operating Services:

Dues and Subscriptions	292
Election Expense	100
Insurance	6,549
Legal and Accounting	7,215
Miscellaneous	438
Postage	1,647
Repairs and Maintenance	11,420
Rent	41,100
Telephone	5,652
Utilities	<u>20,751</u>

95,164

(CONTINUED)

LIVINGSTON PARISH LIBRARY COMMISSION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2003

Expenditures (Continued):	
Travel	2,432
Capital Outlay	241,361
Library Materials and Supplies:	
Library Books and Periodicals (not capitalized)	31,538
Office Supplies	14,264
Summer Reading Program	<u>14,131</u>
	59,933
Intergovernmental:	
Contributions to Retirement System	<u>73,356</u>
Total Expenditures	<u>1,019,386</u>
Excess of Revenues Over Expenditures	775,674
Fund Balance - Beginning of Year	<u>6,050,039</u>
Fund Balance - End of Year	<u><u>\$ 6,825,713</u></u>

The accompanying notes constitute an integral part of this statement.

LIVINGSTON PARISH LIBRARY COMMISSION

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

FOR THE YEAR ENDED DECEMBER 31, 2003

Net Change in Fund Balance - Total Governmental Fund \$ 775,674

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

Governmental funds report capital outlays as expenditures. In the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

99,539

The liability and expense for compensated absences are not reported in governmental funds. Payments for compensated absences are reported as salaries when they occur. Only the payment consumes current financial resources, and it would take a catastrophic event for this liability to become a current liability. This is the net increase in compensated absences in the current year.

(10,431)

Change in Net Assets of Governmental Activities

\$ 864,782

The accompanying notes constitute an integral part of this statement.

LIVINGSTON PARISH LIBRARY COMMISSION

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND**

FOR THE YEAR ENDED DECEMBER 31, 2003

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues:				
Taxes - Property	\$ 1,300,000	\$ 1,400,000	\$ 1,499,116	\$ 99,116
Fines/Lost Books	14,000	19,000	17,553	(1,447)
Grants	46,500	32,200	9,840	(22,360)
State Revenue Sharing	107,000	109,000	148,036	39,036
Interest Income	158,000	119,000	119,431	431
Donations	700	100	1,084	984
Other	1,500	500	-	(500)
	1,627,700	1,679,800	1,795,060	115,260
Expenditures:				
Library Administration				
Salaries, Fees Paid and Benefits:				
Salaries	435,000	440,000	442,837	(2,837)
Payroll Tax Expense	34,000	34,000	33,914	86
Group Insurance	45,000	55,000	53,019	1,981
Retirement Expense	15,000	12,000	14,368	(2,368)
Workman's Compensation and Unemployment	3,500	3,800	3,002	798
	532,500	544,800	547,140	(2,340)
Operating Services:				
Dues and Subscriptions	1,000	1,000	292	708
Election Expense	20,000	20,000	100	19,900
Insurance	5,600	7,000	6,549	451
Legal and Accounting	7,000	7,500	7,215	285
Miscellaneous	1,300	1,100	438	662
Postage	2,200	2,000	1,647	353
Repairs and Maintenance	21,200	12,200	11,420	780
Rent	40,800	41,100	41,100	-
Telephone	5,500	5,500	5,652	(152)
Utilities	22,450	24,000	20,751	3,249
	127,050	121,400	95,164	26,236

(CONTINUED)

LIVINGSTON PARISH LIBRARY COMMISSION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND - (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Favorable (Unfavorable)
Expenditures (Continued):				
Travel	3,000	3,000	2,432	568
Capital Outlay	213,500	235,000	241,361	(6,361)
Library Materials and Supplies:				
Library Books and Periodicals (not capitalized)	32,000	31,000	31,538	(538)
Library Books-Grant	28,500	28,500	-	28,500
Office Supplies	12,000	13,500	14,264	(764)
Summer Reading Program	13,000	14,500	14,131	369
	<u>85,500</u>	<u>87,500</u>	<u>59,933</u>	<u>27,567</u>
Intergovernmental:				
Contributions to Retirement System	<u>50,000</u>	<u>50,000</u>	<u>73,356</u>	<u>(23,356)</u>
 Total Expenditures	 <u>1,011,550</u>	 <u>1,041,700</u>	 <u>1,019,386</u>	 <u>22,314</u>
 Excess of Revenues Over Expenditures	 <u>616,150</u>	 <u>638,100</u>	 <u>775,674</u>	 <u>137,574</u>
 Fund Balance - Beginning of Year	 <u>6,050,039</u>	 <u>6,050,039</u>	 <u>6,050,039</u>	 <u>-</u>
 Fund Balance - End of Year	 <u>\$ 6,666,189</u>	 <u>\$ 6,688,139</u>	 <u>\$ 6,825,713</u>	 <u>\$ 137,574</u>

The accompanying notes constitute an integral part of this statement.

LIVINGSTON PARISH LIBRARY COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

(1) **Summary of Significant Accounting Policies -**

The Livingston Parish Library Commission "the Commission" is a body corporate created by the Livingston Parish Council, as provided by Louisiana Revised Statutes. The Commission is governed by a board of eight commissioners who are appointed by the Livingston Parish Council.

The financial statements of the Commission have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB), is the standard-setting body for governmental accounting and financial reporting. On June 30, 2003, the GASB issued a codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

A. Financial Reporting Entity

This report includes all funds and account groups which are controlled by or dependent on the Commission's Board of Commissioners. Control by or dependence on the board was determined on the basis of taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

In conformance with Governmental Accounting Standards Board, Statement 14, the Commission is a component unit of the Livingston Parish Council, the governing body of the parish. The accompanying financial statements present information only on the fund and account group maintained by the Commission and do not present information on the Council and the general government services provided by that governmental unit.

B. Basis of Presentation

Basic Financial Statements - Government-Wide Statements

The Library's basic financial statements include both government-wide (reporting the Library as a whole) and fund financial statements (reporting the Library's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. There were no activities of the Library categorized as a business-type activity.

LIVINGSTON PARISH LIBRARY COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

(1) **Summary of Significant Accounting Policies - (Continued) -**

In the government-wide Statement of Net Assets, the governmental activity column (a) is presented on a consolidated basis by column, (b) and is reported on a full accrual, economic resource basis.

The government-wide Statement of Activities reports both the gross and net cost of the Library's function. The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while capital grants reflects capital-specific grants.

The net costs (by function) are normally covered by general revenue (taxes, interest and investment earnings, etc).

The Library does not allocate indirect costs.

This government-wide focus is more on the sustainability of the Library as an entity and the change in the Library's net assets resulting from the current year's activities.

Basic Financial Statements - Fund Financial Statements

The financial transactions of the Library are reported in an individual fund in the fund financial statements. This fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. This fund is reported by generic classification within the financial statements.

The Library uses the following fund type:

Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the Library:

- 1) The General Fund is the general operating fund of the Library. It is used to account for all financial resources except those required to be accounted for in another fund. At December 31, 2003, it is the only fund of the Library.

LIVINGSTON PARISH LIBRARY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

(1) Summary of Significant Accounting Policies - (Continued) -

C. Basis of Accounting and Measurement Focus

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

1. Accrual -

The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Revenues of the Library consist principally of property taxes, state revenue sharing and interest income. Interest income is recorded when earned. Property taxes are recorded as revenues when levied even though a portion of the taxes may be collected in subsequent years. State Revenue Sharing is recorded when made available.

2. Modified Accrual -

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means that the amount of the transaction can be determined and "available" means that the amount of the transaction is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A one-year availability period is used for revenue recognition for all governmental fund type revenues. Expenditures are recorded when the related fund liability is incurred. Depreciation is not recognized in the Governmental Fund Financial Statements.

D. Capital Assets

Capital assets are reported in the government-wide financial statements at historical cost. Additions, improvements or other capital outlays that significantly extend the useful life of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on a straight line basis over the following estimated useful lives:

Library collection	7 years
Computer equipment	5 years
Office furniture and equipment	5 to 10 years
Buildings	40 years
Vehicles	5 years

LIVINGSTON PARISH LIBRARY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

(1) Summary of Significant Accounting Policies - (Continued) -

E. Budgetary Practices

The Commission utilizes the following budgetary practices:

The Director prepares the annual budget, which is based on what is expected to be collected and/or levied during the fiscal year and is approved by the Board of Commissioners. The adopted budget constitutes the authority of the Director to incur liabilities and authorize expenditures from the respective budgeted funds. Additionally, certain expenditures are approved by the Board before payment.

All budget amounts presented in the financial statements have been adjusted for legally authorized revisions of the annual budget during the year. Appropriations, except encumbrances, lapse at the end of each year.

F. 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

G. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvements of those assets. At December 31, 2003, the Library had no outstanding debt.

H. Change in Accounting Principles and Restatement of Prior Year Fund Equity

For the fiscal year ended December 31, 2003, the Library implemented the following GASB Standards:

LIVINGSTON PARISH LIBRARY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

(1) Summary of Significant Accounting Policies - (Continued) -

- Statement No. 34 - *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*
- Statement No. 36 - *Recipient Reporting for Certain Shared Nonexchange Revenues*
- Statement No. 37 - *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*
- Statement No. 38 - *Certain Financial Statement Note Disclosures*
- Interpretation No. 6 - *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*

The transition from governmental fund balances total equity to net assets for December 31, 2002 is presented below:

	<u>Governmental Activities</u>
Total Fund Balances/Fund Equity, as Previously Reported	\$ 6,050,039
Capital Assets, Net of Depreciation	751,882
Compensated Absences Payable	<u>(18,432)</u>
Restated Net Assets, December 31, 2002	<u>\$ 6,783,489</u>

(2) Property Taxes -

On April 29, 1995, a special election was held whereby the voters of Livingston Parish Library Commission approved a 10 year 10.00 mill ad valorem tax assessed on all property subject to taxation in Livingston Parish for the purpose of "acquiring, contracting, improving, maintaining and operating the Livingston Parish Library." The tax began with the year 1995 and ends with the year 2004.

Property taxes attach as an enforceable lien on property as of January 1, of each year. Taxes are levied in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year.

The Commission's taxes are collected by the Livingston Parish Tax Collector and are remitted to the Commission monthly. The Commission pays the Assessor's Office a fee for this service.

For the year 2003, taxes of 9.41 mills were levied on property with assessed valuations totaling \$165,855,430.

LIVINGSTON PARISH LIBRARY COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

(2) Property Taxes - (Continued) -

Total taxes assessed and taxes receivable at December 31, 2003, are as follows:

	<u>General Operations 9.41 Mills</u>
2003 Property Tax Assessed	\$ 1,560,700
Less: Current Amounts Deemed Uncollectible	<u>(78,035)</u>
Net 2003 Property Taxes Deemed Collectible	1,482,665
Additional Prior Year Taxes Collected in 2003	<u>16,451</u>
Net Property Tax Revenues	<u>\$ 1,499,116</u>
Net 2003 Property Taxes Deemed Collectible	\$ 1,482,665
Less: Amounts Collected Prior to December 31, 2003	<u>-</u>
Taxes Receivable - Current Year	<u>1,482,665</u>
Prior Year Tax Receivable at December 31, 2002	1,286,282
Less: Prior Year Tax Collected in 2003	(1,302,733)
Additional Prior Year Taxes Collected in 2003	<u>16,451</u>
Taxes Receivable - Prior Year	<u>-</u>
Total Property Taxes Receivable at December 31, 2003	<u>\$ 1,482,665</u>

(3) Changes in Capital Assets -

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

<u>Governmental Activities</u>	<u>Balance December 31, 2002</u>	<u>Restatement</u>	<u>Adjusted Balance December 31, 2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2003</u>
Furniture and Equipment	\$341,249	\$ -	\$ 341,249	\$123,353	\$ 76,872	\$ 387,730
Building	506,200	-	506,200	-	-	506,200
Vehicles	16,365	-	16,365	-	-	16,365
Library Collection	-	573,221	573,221	118,008	-	691,229
Land	<u>6,382</u>	<u>-</u>	<u>6,382</u>	<u>-</u>	<u>-</u>	<u>6,382</u>
Totals	870,196	573,221	1,443,417	241,361	76,872	1,607,906

(CONTINUED)

LIVINGSTON PARISH LIBRARY COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

(3) Changes in Capital Assets - (Continued) -

<u>Governmental Activities</u>	<u>Balance</u> <u>December 31, 2002</u>	<u>Restatement</u>	<u>Adjusted Balance</u> <u>December 31, 2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31, 2003</u>
Less Accumulated						
Depreciation for:						
Furniture and Equipment	318,660	-	318,660	27,147	76,872	268,935
Building	101,240	-	101,240	12,655	-	113,895
Vehicles	10,364	-	10,364	3,273	-	13,637
Library Collection	<u>-</u>	<u>261,271</u>	<u>261,271</u>	<u>98,747</u>	<u>-</u>	<u>360,018</u>
Total Accumulated Depreciation	<u>430,264</u>	<u>261,271</u>	<u>691,535</u>	<u>141,822</u>	<u>76,872</u>	<u>756,485</u>
Capital Assets, Net	<u>\$439,932</u>	<u>\$311,950</u>	<u>\$ 751,882</u>	<u>\$ 99,539</u>	<u>\$ -</u>	<u>\$ 851,421</u>

(4) Cash and Cash Equivalents and Certificates of Deposit -

For reporting purposes, cash and cash equivalents include cash, demand deposits, and time certificates of deposit with maturities of three months or less from the date of acquisition. The Commission also invests funds in certificates of deposit which have maturity dates greater than 90 days when purchased and are therefore classified as certificates of deposit. Under state law the Commission may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, any other state in the union, or under the laws of the United States. Further, the Commission may invest in time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

As confirmed by the fiscal agents, the Commission had cash and certificates of deposit totaling \$5,392,818 with a carrying amount of \$5,382,674 at December 31, 2003. Cash and certificates of deposit are stated at cost, which approximates market. These deposits must be secured under state law by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. The following is a summary of cash and certificates of deposit at December 31, 2003, with the related federal deposit insurance and pledged securities, if any. The cash and certificates of deposit at December 31, 2003, were secured as follows:

LIVINGSTON PARISH LIBRARY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

(4) Cash and Cash Equivalents and Certificates of Deposit - (Continued) -

	<u>Confirmed Bank Balance December 31, 2003</u>	<u>FDIC Insurance</u>	<u>Balance Uninsured</u>
Cash in Bank	\$ 492,818	\$ -	\$ 492,818
Certificates of Deposit	<u>4,900,000</u>	<u>100,000</u>	<u>4,800,000</u>
Total	<u>\$5,392,818</u>	<u>\$ 100,000</u>	5,292,818
Uncollateralized - Securities Pledged and Held by the Custodial Bank in the Name of the Fiscal Agent			<u>6,517,964</u>
Deficiency of FDIC Insurance and Pledged Securities over Cash and Cash Equivalents			<u>\$ NONE</u>

(5) Litigation -

There is no litigation pending against the Commission.

(6) Compensated Absences and Other Postemployment Benefits -

At December 31, 2003, the Commission has no plan or provision for other post employment benefits. Vacation time cannot be accumulated and must be taken by the end of the year earned. Sick leave can be accumulated from year to year but is not paid upon retirement or termination. Overtime is accumulated and is used as time allows. Overtime accumulated is not paid until retirement or termination.

LIVINGSTON PARISH LIBRARY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

The following reflects the change in Compensated Absences at December 31, 2003.

Balance at December 31, 2002	\$ 18,432
Net Additions	<u>10,431</u>
Balance at December 31, 2003	<u>\$ 28,863</u>

At December 31, 2003, the balance of \$28,863 is reflected as Long-Term Liabilities Due Within One Year on the Statement of Net Assets and is not included on the Fund Financial Statement.

(7) Pension Plan -

Substantially all employees of the Livingston Parish Library Commission are members of the Parochial Employees Retirement System of Louisiana (System), a multiple employer public employee retirement system (PERS), controlled and administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Commission are members of Plan B.

All permanent employees working at least 28 hours per week who are paid wholly or in part from Library funds, are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service, or at or after age 55 with 30 years of creditable service, are entitled to a retirement benefit, payable monthly for life, equal to 2 per cent of their final-average salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3 per cent for each year retirement precedes age 63. In any case, monthly retirement benefits paid under Plan B cannot exceed 100 per cent of final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions, may retire at the ages specified above 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 currently requires employees covered by Plan B to contribute three percent of their salaries in excess of \$100 per month to the System.

The following provides certain disclosures for the Library Commission and the retirement system that are required by GASB Codification:

LIVINGSTON PARISH LIBRARY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

(7) Pension Plan - (Continued) -

	<u>Plan B</u>	<u>December 31, 2003</u>
Contribution Rates:		
Employees		3.00%
Employer		3.75%

Trend Information:

Contributions required by State statute.

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>	
1999	\$ 5,784	100%	
2000	\$ 5,951	100%	
2001	\$ 7,362	100%	
2002	\$ 7,964	100%	
2003	\$14,343	100%	

Trend information showing the progress of the System in accumulating sufficient assets to pay benefits when due is presented in its annual financial reports. Copies of these reports may be obtained from the Parochial Employees Retirement System of Louisiana.

(8) Rental Expense -

The Commission leases facilities for three branches. These leases are month to month operating leases and there are no formal written lease agreements. The total rental expense included in these financial statements for the year ended December 31, 2003 is \$41,100.

(9) Schedule of Compensation Paid Board Members -

Jo Ann Graul, President	\$ -
Sue Blanchard, Vice President	-
Dewey Ratcliff, Ex-Officio Member	-
Katherine deGeneres	-
Shirley McDonald	-
Juanette Courtney	-
Ronald Bencaz	-
Edward J. Ryan	-
	-
	\$ -

The term of each board member is five years.

LIVINGSTON PARISH LIBRARY COMMISSION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

(10) Subsequent Event -

On October 4, 2003, the voters of Livingston Parish approved the issuance of \$8,900,000 (Series 2004) General Obligation Bonds. The proceeds of these bonds will be used to pay the cost of construction and acquiring and improvement of public libraries for the Parish, and acquiring the necessary land, equipment and furnishings. These bonds will be payable from the annual levy and collection of unlimited ad valorem taxes on all the taxable property within the Parish. These bonds were issued on March 1, 2004 with scheduled maturities through 2024.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE COMPONENT UNIT
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS



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March 12, 2004

Board of Commissioners
Livingston Parish Library Commission
Livingston, Louisiana

We have audited the basic financial statements of the Livingston Parish Library Commission, a component unit of the Livingston Parish Council, as of and for the year ended December 31, 2003, and have issued our report thereon dated March 12, 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 Commission's 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 Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the 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 operation that we consider to be material weaknesses.

This report is intended for the information of management and the Office of the Legislative Auditor, State of Louisiana, and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the Livingston Parish Library Commission is a matter of public record.

Respectfully submitted,

Harold J. Bourgeois, CPA