

Financial Report
Lafourche Parish Library
Thibodaux, 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.

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FINANCIAL SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Control,
Lafourche Parish Library,
Thibodaux, Louisiana.

We have audited the accompanying basic financial statements of the Lafourche Parish Library (the Library), a component unit of the Lafourche Parish Council, as of and for the year ended December 31, 2003, 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 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 opinions.

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

As described in Note 1 b) to the basic financial statements, the Library has implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments, as of January 1, 2003.

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 inquires 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 February 27, 2004 on our consideration of the Lafourche 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.

Thibodaux, Louisiana,
February 27, 2004.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Lafourche Parish Library

The Management's Discussion and Analysis of the Lafourche 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 Library's assets exceeded its liabilities at the close of fiscal year 2003 by \$8,485,900 (net assets), which represents a 28.86% increase from last fiscal year.

The Library's revenue in the General Fund increased \$511,408 (or 15.35%) primarily due to increases in the collections for ad valorem taxes due to new industry and construction in Lafourche Parish. Also, the Library collected state revenue sharing in 2003 and there were no collections in 2002.

The Library did not have a deficit fund balance at December 31, 2003.

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 period.

The governmental activity of the Library is providing programs and supplies relating to library services to Lafourche Parish residents.

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. The Library has one governmental fund.

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 one governmental fund. 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. 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 provide 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 \$8,485,900. Since this is the

first year to report all activities on the accrual basis of accounting, a comparison to the prior year is not possible (with the exception of the comparison below). However, in future years, this section will explain the differences between the current and prior year assets, liabilities, and changes in net assets.

Investments represent 63.55% of total assets and are comprised of Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation Note (FHLMC), U.S. Treasury Notes, Government Obligation Money Markey Fund and Louisiana Asset Management Program. Receivables for ad valorem taxes and state revenue sharing relating to taxes assessed in November 2003 total \$3,697,829 or 30.05% of total assets. A portion of the Library's net assets (8.44%) reflects its investment in capital assets (buildings; furniture and equipment; vehicles and the library collection). Consequently, the capital assets are not available for future spending.

Condensed Statements of Net Assets

Current and other assets	\$ 11,608,729
Capital assets	713,400
Total assets	<u>12,322,129</u>
Other liabilities	<u>3,836,229</u>
Net Assets:	
Invested in capital assets, net of related debt	713,400
Unrestricted	7,772,500
Total net assets	<u>\$ 8,485,900</u>

Governmental Activities

Again, because this is the first year to report governmental activities on the accrual basis of accounting, a comparison to the prior year is not possible. However, in next year's discussion this section will show a condensed financial comparison of revenues and expenses and provide explanations for significant differences.

Governmental activities increased the Library's net assets by \$1,900,642. Key elements of this increase are on the next page:

Condensed Changes in Net Assets

Revenues:	
Program revenues:	
Charges for services	\$ 8,741
Fines and forfeitures	8,047
Grants	4,363
General revenues:	
Property taxes	3,575,905
Intergovernmental	102,680
Miscellaneous	106,463
Total revenues	<u>3,806,199</u>
Expenses:	
General government	155,437
Culture and recreation	1,750,120
Total expenses	<u>1,905,557</u>
Increase in net assets	1,900,642
Net assets beginning of year	6,585,258
Net assets end of year	<u>\$ 8,485,900</u>

For the most part, increases in total revenues are due to an overall increase in parish-wide collection of property taxes due to new industry and new construction in Lafourche Parish.

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 fund 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 fund reported an ending fund balance of \$7,751,889, an increase of \$1,986,163 in comparison with the prior year and is available for spending at the Library's discretion. The key factor of this increase was largely due to an increase in collections for ad valorem taxes and state revenue sharing.

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

- Collections ad valorem taxes increased
- Grant from Terrebonne Parish Arts and Humanities significantly lower than expected
- The loss on investments was larger than anticipated

Expenditures

- Personal services were reduced by approximately \$105,000 due to hiring fewer employees than anticipated
- Other services and charges were reduced by approximately \$28,100 partly due to the reduction in janitorial costs (\$7,000) as the Library has hired a full-time maintenance person. Other areas that were reduced include advertising (\$2,300), accounting (\$3,000), education and conferences (\$12,500) and telephone (\$5,000).
- Supplies and materials were lowered by approximately \$43,900 due to over ordering of library supplies in 2002.
- Repairs and maintenance was reduced by \$42,400 mainly due to a reduction in technology maintenance.

For the year ended December 31, 2003, revenues and expenditures were 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 \$713,400 (net of accumulated depreciation). This investment in capital assets includes buildings and improvements, furniture and equipment; vehicles, and the Library book collection (see table below).

	<u>2003</u>	<u>2002</u>
Buildings and improvements	\$ 86,034	\$ 86,034
Furniture and equipment	825,020	768,872
Vehicles	66,756	49,266
Library collections	<u>2,056,611</u>	<u>1,928,765</u>
Totals	<u>\$ 3,034,421</u>	<u>\$ 2,832,937</u>

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

- Library collection purchases totaling \$197,285
- Purchase of Dell Computers totaling \$24,872
- Purchase of Dodge Caravan 7 passenger van - \$17,490
- Shelving units at the new branch, Bayou Blue, totaling \$20,448

Additional information on the Library's capital assets can be found in the Note 5, Exhibit F of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

- The Ad Valorem Tax revenue budgeted represents the estimated amount of the November 2003 assessment, which the Library will receive, for the most part, in January 2004.
- Salaries and benefits are based on the number of employees needed to perform necessary services and the related benefits.
- Estimate of operating supplies needed to perform necessary services.
- Library collection purchases expected to increase by approximately \$62,000
- Detail plan of equipment and furniture and technology maintenance needed to be purchased to set up new buildings if approved by the Council.

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 Lafourche Parish Library, 303 West Fifth Street, Thibodaux, LA 70301.

**STATEMENT OF NET ASSETS AND
GOVERNMENTAL FUND BALANCE SHEET**

Lafourche Parish Library

December 31, 2003

	<u>General Fund</u>	<u>Adjustments (Exhibit B)</u>	<u>Statement of Net Assets</u>
Assets			
Cash	\$ 49,855	\$ -	\$ 49,855
Investments	7,830,681	-	7,830,681
Receivables - taxes	494,919		494,919
Due from other governmental units	3,202,910	-	3,202,910
Accrued interest revenue	-	16,586	16,586
Prepaid insurance		13,778	13,778
Capital Assets:			
Depreciable, net of accumulated depreciation		<u>713,400</u>	<u>713,400</u>
Total assets	<u>\$ 11,578,365</u>	<u>743,764</u>	<u>12,322,129</u>
Liabilities			
Accounts payable and accrued expenditures	\$ 142,345	-	142,345
Deferred revenue	3,684,131	-	3,684,131
Non-current liabilities	-	<u>9,753</u>	<u>9,753</u>
Total liabilities	<u>3,826,476</u>	<u>9,753</u>	<u>3,836,229</u>
Fund Balances/Net Assets			
Fund balances:			
Unreserved:			
Designated for future construction	4,000,000	(4,000,000)	-
Designated for future technology	1,400,000	(1,400,000)	-
Undesignated	<u>2,351,889</u>	<u>(2,351,889)</u>	-
Total fund balances	<u>7,751,889</u>	<u>(7,751,889)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 11,578,365</u>		
Net assets:			
Invested in capital assets		713,400	713,400
Unrestricted		<u>7,772,500</u>	<u>7,772,500</u>
Total net assets		<u>\$ 8,485,900</u>	<u>\$ 8,485,900</u>

See notes to financial statements.

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

Lafourche Parish Library

December 31, 2003

Fund Balances - Governmental Fund **\$ 7,751,889**

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	\$ 3,034,421	
Less accumulated depreciation	<u>(2,321,021)</u>	713,400

Other assets used in governmental activities
are not financial resources and, therefore,
are not reported in the governmental funds.

Accrued interest revenue	16,586	
Prepaid insurance	<u>13,778</u>	30,364

Non-current liabilities, including bonds
payable, are not due and payable in the
current period and therefore are not reported
in the funds.

Compensated absences payable		<u>(9,753)</u>
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Net Assets of Governmental Activities		<u>\$ 8,485,900</u>
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See notes to financial statements.

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

Lafourche Parish Library

For the year ended December 31, 2003

	General Fund	Adjustments (Exhibit D)	Statement of Activities
Revenues			
Taxes	\$ 3,575,905	\$ -	\$ 3,575,905
Intergovernmental:			
State of Louisiana:			
State revenue sharing	102,680		102,680
Charges for services	8,741	-	8,741
Fines and forfeitures	8,047	-	8,047
Grants	4,363	-	4,363
Miscellaneous:			
Interest	145,626	(37,568)	108,058
Net decrease in fair value of investments	(8,114)		(8,114)
Other	6,519	-	6,519
Total revenues	<u>3,843,767</u>	<u>(37,568)</u>	<u>3,806,199</u>
Expenditures/Expenses			
Current:			
General government:			
Ad valorem tax adjustment	42,959	-	42,959
Ad valorem tax deductions	112,478	-	112,478
Total general government	<u>155,437</u>	<u>-</u>	<u>155,437</u>
Culture and recreation:			
Personal services	1,127,302	2,708	1,130,010
Supplies and materials	82,086	-	82,086
Other services and charges	201,186	(7,335)	193,851
Repairs and maintenance	20,670	-	20,670
Depreciation	-	323,503	323,503
Total culture and recreation	<u>1,431,244</u>	<u>318,876</u>	<u>1,750,120</u>
Capital outlay	270,923	(270,923)	-
Total expenditures/expenses	<u>1,857,604</u>	<u>47,953</u>	<u>1,905,557</u>
Excess of Revenues over Expenditures	1,986,163	(1,986,163)	-
Change in Net Assets	-	1,900,642	1,900,642
Fund Balance/Net Assets			
Beginning of year	5,765,726	819,532	6,585,258
End of year	<u>\$ 7,751,889</u>	<u>\$ 734,011</u>	<u>\$ 8,485,900</u>

See notes to financial statements.

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

Lafourche Parish Library

For the year ended December 31, 2003

Net Change in Fund Balance - Governmental Fund **\$ 1,986,163**

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	\$ 270,923	
Depreciation expense	<u>(323,503)</u>	
Excess of capital outlay over depreciation expense		(52,580)

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

Interest revenue		(37,568)
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Some expenditures reported in the governmental funds require the use of
current financial resources and are not reported as expenses in
the statement of activities.

Prepaid insurance	7,335	
Compensated absences	<u>(2,708)</u>	<u>4,627</u>

Change in Net Assets of Governmental Activities **\$ 1,900,642**

See notes to financial statements.

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

Lafourche Parish Library

For the year ended December 31, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 3,161,000	\$ 3,661,000	\$ 3,575,905	\$ (85,095)
Intergovernmental:				
State of Louisiana:				
State revenue sharing	110,000	105,000	102,680	(2,320)
Charges for services	9,000	8,400	8,741	341
Fines and forfeitures	10,100	7,700	8,047	347
Grants	50,000	-	4,363	4,363
Miscellaneous:				
Interest	150,000	160,000	145,626	(14,374)
Net decrease in fair value of investments	-	(25,000)	(8,114)	16,886
Other	7,000	7,800	6,519	(1,281)
Total revenues	<u>3,497,100</u>	<u>3,924,900</u>	<u>3,843,767</u>	<u>(81,133)</u>
Expenditures				
Current:				
General government:				
Ad valorem tax adjustment	43,000	43,000	42,959	41
Ad valorem tax deductions	118,000	118,000	112,478	5,522
Total general government	<u>161,000</u>	<u>161,000</u>	<u>155,437</u>	<u>5,563</u>
Culture and recreation:				
Personal services	1,261,000	1,148,000	1,127,302	20,698
Supplies and materials	116,000	61,100	82,086	(20,986)
Other services and charges	233,200	213,100	201,186	11,914
Repairs and maintenance	63,000	23,300	20,670	2,630
Total culture and recreation	<u>1,673,200</u>	<u>1,445,500</u>	<u>1,431,244</u>	<u>14,256</u>
Capital Outlay	384,500	295,000	270,923	24,077
Total expenditures	<u>2,218,700</u>	<u>1,901,500</u>	<u>1,857,604</u>	<u>(43,896)</u>
Excess of Revenues over Expenditures	<u>\$ 1,278,400</u>	<u>\$ 2,023,400</u>	<u>\$ 1,986,163</u>	<u>\$ (37,237)</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Lafourche Parish Library

December 31, 2003

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Lafourche Parish Library (the Library) conform to accounting principles generally accepted in the United States of America (GAAP) applied to the 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 Lafourche Parish Library was established by the Parish governing authority, under the provisions of Louisiana Revised Statute 25:211. The Library provides citizens of the parish access to library materials, books, magazines, computers, video and audio media.

The Library is a department within Lafourche Parish (the Parish) for which the Lafourche Parish Council (the Council) appoints an advisory Board of Control (the Board) in accordance with the provisions of Louisiana Revised Statute 25:214. The members of the Board of Control serve without pay. The Library is a component unit of the Council.

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) Change in Accounting

In June 1999, GASB unanimously approved Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. Certain of the more significant changes in Statement No. 34 include for the first time a Management Discussion and Analysis (MD&A) section providing an analysis of the Library’s overall financial position and results of operations and financial statements prepared using full accrual accounting for all of the Library’s activities. The Library has presented Management’s Discussion and Analysis that the

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Change in Accounting (Continued)

Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements. Other changes are also reflected in the accompanying basic financial statements (including notes to financial statements). The Library has elected to implement the general provisions of Statement No. 34 in the current year.

For the year ended December 31, 2002, the Library also implemented the following GASB Standards:

- Statement 37 – Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus
- Statement 38 – Certain Financial Statement Disclosures
- Interpretation No. 6 – Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements

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

Total fund balance, as previously reported		\$ 5,765,726
Capital assets used in governmental activities are not financial resources and, therefore were not previously reported.		
Governmental capital assets	\$ 2,832,937	
Less accumulated depreciation	<u>(2,066,957)</u>	765,980
Other assets used in governmental activities are not financial resources and, therefore were not previously reported.		
Accrued interest revenue	54,154	
Prepaid insurance	<u>6,443</u>	60,597
Non-current liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences payable	<u>(7,045)</u>	<u>(7,045)</u>
Net assets		<u>\$ 6,585,258</u>

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) 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. 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 non-exchange revenues.

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 is the Governmental Fund 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.

d) 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Measurement Focus and Basis of Accounting (Continued)

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. Property taxes are recognized in the year for which they are levied.

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. Ad valorem taxes and the related state revenue sharing (Intergovernmental revenue) are recognized as revenue in the period for which levied, thus the 2003 property taxes which are being levied to finance the 2004 budget will be recognized as revenue in 2004. The 2003 tax levy is recorded as deferred revenue in the Library's 2003 financial statements. 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. Allocations of cost such as depreciation are not recognized in the governmental funds.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Use of Estimates

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

f) Operating Budgetary Data

As required by the Lafourche Parish Council, the Board adopted a budget for the Library's General Fund. The required budgetary practices include public notice of the proposed budget, public inspection of the proposed budget and a public hearing on the budget prior to adoption. Any amendment involving the transfer of monies from one function to another or increase 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.

The General Fund budget presentation is included in the basic financial statements.

g) Accounts Receivable

The financial statements for the Library contain no allowance for uncollectible accounts. Uncollectible amounts due for ad valorem 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 General Fund.

h) 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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Investments (Continued)

rather than market value to report net assets to compute share prices if certain conditions are met.

Investments during the year consisted of Federal National Mortgage Association (FNMA) Notes, Federal Home Loan Mortgage Corporation Note (FHLMC), U.S. Treasury Notes, Government Obligation Money Market Fund and LAMP.

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. The library collection is 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 is 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 and improvements	20 - 40 years
Furniture and equipment	5 - 10 years
Vehicles	5 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) Non-Current Liabilities

The accounting treatment of non-current liabilities depends on whether they are reported in the government-wide or fund financial statements.

Government-wide Financial Statements:

All non-current liabilities to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term obligation consists of accumulated unpaid vacation.

Fund Financial Statements:

Non-current liabilities for governmental funds are not reported as liabilities in the fund financial statements.

k) Vacation and Sick Leave

All twelve-month employees earn from 15 to 23 days of vacation leave each year depending on the job classification. Generally, annual leave must be taken within the year it is granted. Upon resignation or retirement, the employees receive payment for available vacation leave, provided they have been employed by the Library for at least a total of 18 months and have given adequate notice of resignation. The liability for these compensated absences is recorded as a long-term obligation in the government-wide statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources.

Full-time employees earn 12 days sick leave each year. Employees can accumulate up to a maximum of 30 days sick leave. Upon resignation or retirement, all accrued sick leave lapses. There is no accumulated sick leave at December 31, 2003.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1) Fund Equity

Government-wide Statements:

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

- a. Invested in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. At December 31, 2003, the Library did not have debt outstanding.
- 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. As of December 31, 2003 and for the year then ended, the Library did not have or receive restricted net assets.

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.

Note 2 - DEPOSITS AND INVESTMENTS

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States or any other federally insured investment, certificates of deposit of state or national banks having their principal office in Louisiana, guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations.

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

Bank Deposits:

State law requires deposits (cash) of all political subdivisions 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.

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 agents 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	<u>\$68,617</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$49,855</u>

At December 31, 2003, cash was not in excess of the FDIC insurance.

Investments:

State statutes authorize the Library to invest in obligations of 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.

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

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.

At year end, the balances of investments are as follows:

	<u>Risk Category</u>			<u>Reported Amount</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
Investment subject to categorization:				
U.S. Treasury Notes	\$ 324,782	\$ -	\$ -	\$ 324,782
Federal National Mortgage Association Note	757,583	-	-	757,583
Federal Home Loan Mortgage Corporation Note	750,750	-	-	750,750
Federated Government Obligation Money Market Fund	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
Totals	<u>\$1,834,115</u>	<u>\$-</u>	<u>\$-</u>	1,834,115
Investments not subject to categorization:				
Louisiana Asset Management Pool (LAMP)				<u>5,996,566</u>
Totals investments				<u>\$7,830,681</u>

Investments held at December 31, 2003 include \$5,996,566 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.126, the investment in LAMP at December 31, 2003 is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with 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.

Note 3 - PROPERTY TAXES

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the Lafourche Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2000. Taxes are due and pay-

Note 3 - PROPERTY TAXES (Continued)

able December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 2003 was \$9.43 per \$1,000 of assessed valuation on parishwide property for the purpose of maintaining and operating library facilities and programs. As indicated in Note 1d, taxes levied November 1, 2003 and the related state revenue sharing are for budgeted expenditures in 2004 and will be recognized as revenue in 2004.

Note 4 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at December 31, 2003 consisted of the following:

State of Louisiana - State revenue sharing	\$ 103,167
Lafourche Parish Tax Collector - December, 2003 collections remitted to the Library in January, 2004	
Ad valorem taxes	<u>3,099,743</u>
Total	<u>\$ 3,202,910</u>

Note 5 - CHANGES IN CAPITAL ASSETS

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

	Balance January 1, 2003	Additions	Deletions	Balance December 31, 2003
Capital assets being depreciated:				
Buildings and improvements	\$ 86,034	\$ -	\$ -	\$ 86,034
Furniture and equipmnet	768,872	56,148	-	825,020
Vehicles	49,266	17,490	-	66,756
Library collection	1,928,765	197,285	(69,439)	2,056,611
Total capital assets being depreciated	<u>2,832,937</u>	<u>270,923</u>	<u>(69,439)</u>	<u>3,034,421</u>
Less accumulated depreciation for:				
Buildings and improvements	(6,513)	(2,427)	-	(8,940)
Furniture and equipment	(562,690)	(87,365)	-	(650,055)
Vehicles	(48,254)	(3,927)	-	(52,181)
Library collection	(1,449,500)	(229,784)	69,439	(1,609,845)
Total accumulated depreciation	<u>(2,066,957)</u>	<u>(323,503)</u>	<u>69,439</u>	<u>(2,321,021)</u>
Total capital assets, net	<u>\$ 765,980</u>	<u>\$ (52,580)</u>	<u>\$ -</u>	<u>\$ 713,400</u>

Included in the library collection is \$114,383 representing the net value of periodicals, audio and visual tapes which were capitalized in the conversion to GASB No. 34 at January 1, 2003.

Note 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENDITURES

Accounts payable and accrued expenditures at December 31, 2003 consisted of the following:

Accrued salaries and wages	\$ 48,240
Vendors	\$ 6,391
Protest taxes	<u>87,714</u>
Total	<u>\$142,345</u>

Note 7 - NON-CURRENT LIABILITIES

Non-current liabilities consist of accumulated unpaid vacation. The following is a summary of the changes in long-term obligations of the Library for the year ended December 31, 2003:

Non-current liabilities, December 31, 2002	\$7,045
Net increase in unpaid vacation	<u>2,708</u>
Non-current liabilities, December 31, 2003	<u>\$9,753</u>

Note 8 - LEASE COMMITMENT

The Library leases buildings for five of its branches under month-to-month operating leases. Rental expense incurred under these leases for the year ended December 31, 2003 was \$48,489.

Note 9 - 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; and natural disasters for which the Library carries commercial insurance. No settlements were made during the year that exceeded the Library's insurance coverage.

Note 10- COMPENSATION OF BOARD MEMBERS

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

SUPPLEMENTARY INFORMATION SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

To the Board of Control,
Lafourche Parish Library,
Thibodaux, Louisiana.

Our report on our audit of the basic financial statements of the Lafourche 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 financial statements taken as a whole. The information contained in the schedule of revenues and expenditures and graphs of revenues and expenditures 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 balance sheets of the Lafourche Parish Library as of December 31, 2002 and 2001, and the related statements of 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 revenues and expenditures and graphs of revenues and expenditures 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.

Thibodaux, Louisiana,
February 27, 2004

SCHEDULE OF GOVERNMENTAL FUND REVENUES AND EXPENDITURES**Lafourche Parish Library**

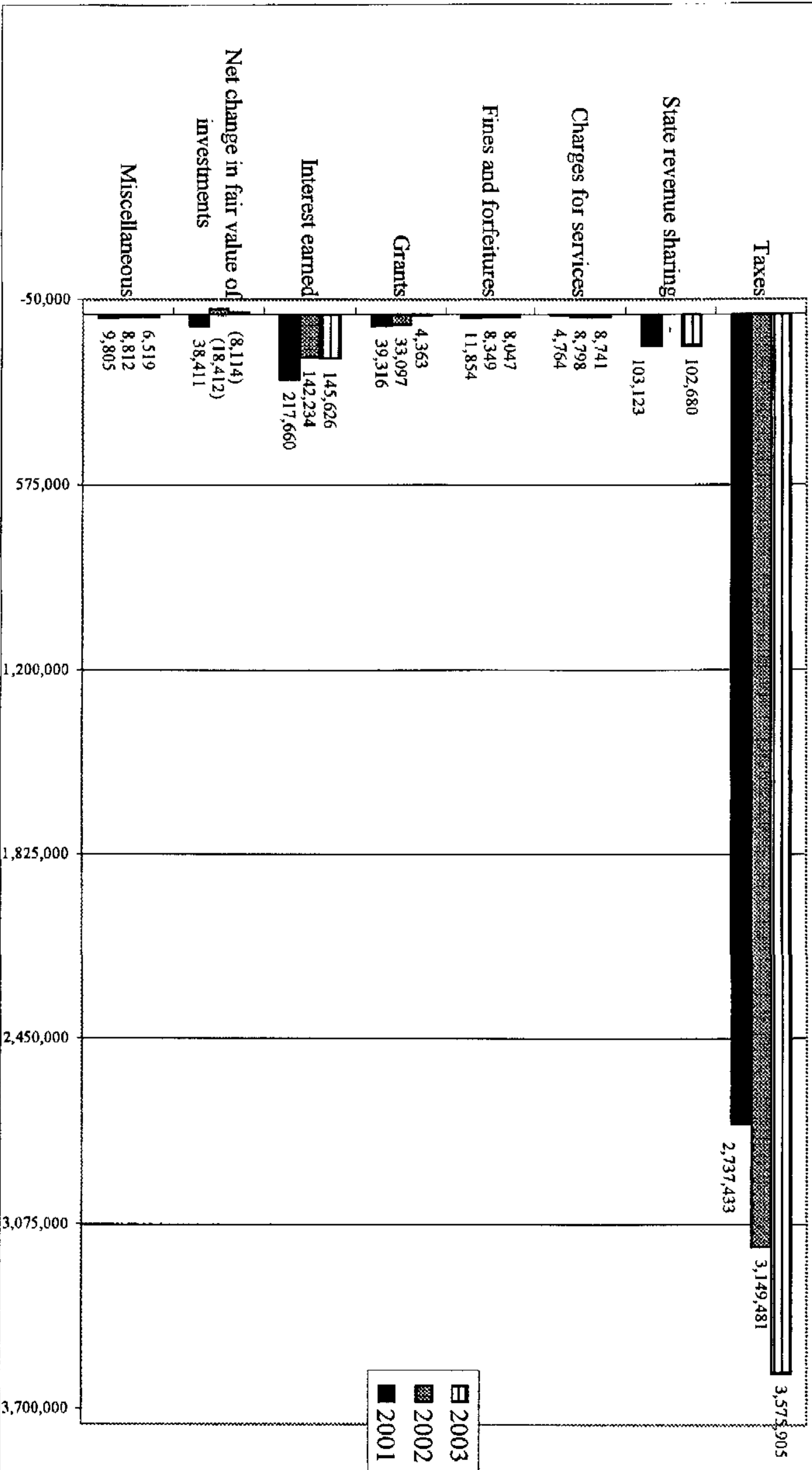
For the years ended December 31, 2003, 2002 and 2001

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Revenues			
Taxes	\$ 3,575,905	\$ 3,149,481	\$ 2,737,433
State revenue sharing	102,680	-	103,123
Charges for services	8,741	8,798	4,764
Fines and forfeitures	8,047	8,349	11,854
Grants	4,363	33,097	39,316
Interest earned	145,626	142,234	217,660
Net change in fair value of investments	(8,114)	(18,412)	38,411
Miscellaneous	6,519	8,812	9,805
Total revenues	<u>\$ 3,843,767</u>	<u>\$ 3,332,359</u>	<u>\$ 3,162,366</u>
Expenditures			
General government	\$ 155,437	\$ 240,940	\$ 202,425
Personal services	1,127,302	1,060,138	946,169
Supplies and materials	82,086	90,728	108,003
Other services and charges	201,186	184,041	219,528
Repairs and maintenance	20,670	51,290	39,351
Capital expenditures	270,923	279,558	276,242
Total expenditures	<u>\$ 1,857,604</u>	<u>\$ 1,906,695</u>	<u>\$ 1,791,718</u>

GOVERNMENTAL FUND REVENUES

Lafourche Parish Library

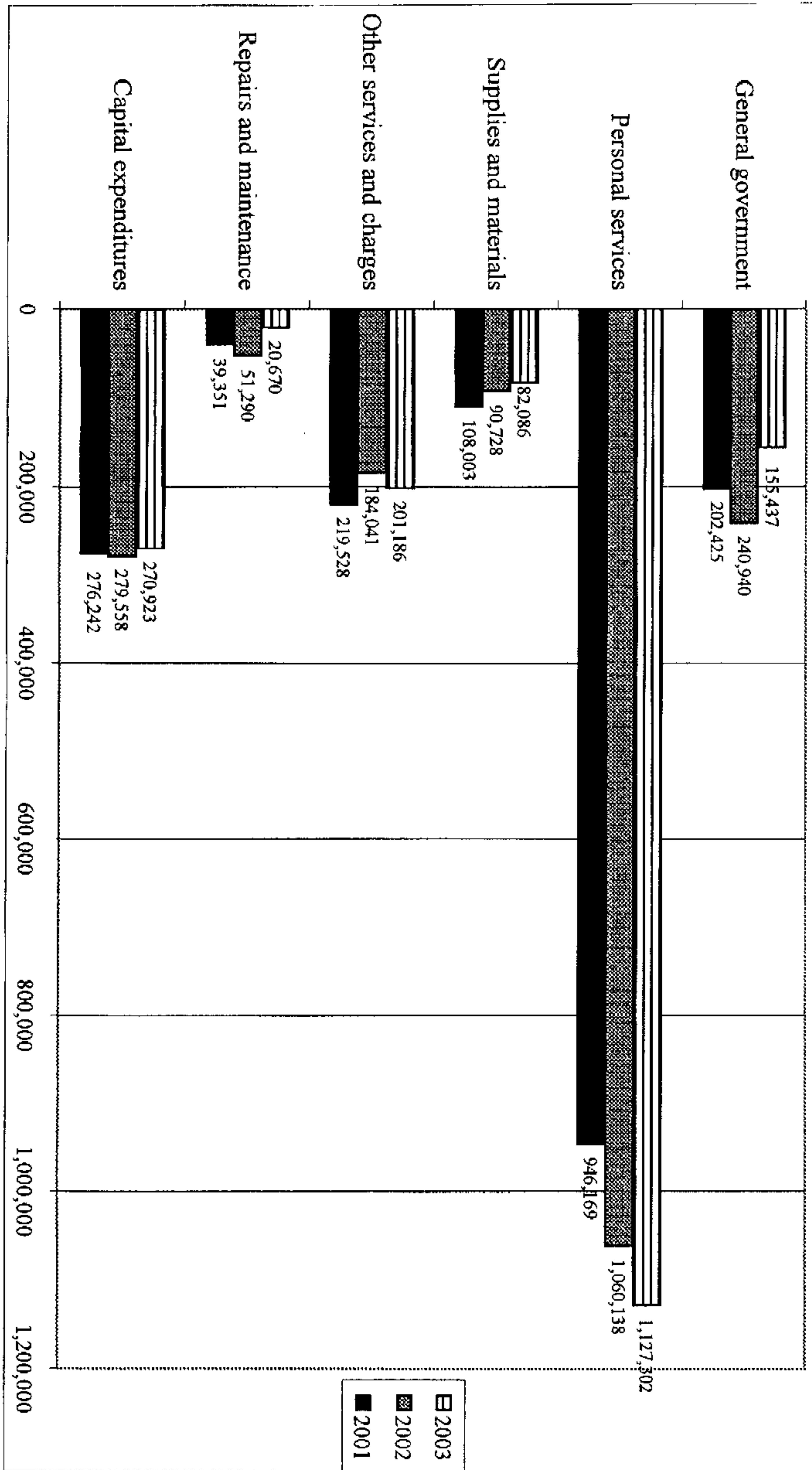
For the years ended December 31, 2003, 2002 and 2001



GOVERNMENTAL FUND EXPENDITURES

Lafourche 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,
Lafourche Parish Library,
Thibodaux, Louisiana.

We have audited the basic financial statements of the Lafourche Parish Library (the Library), a component unit of the Lafourche Parish Council, as of and for the year ended December 31, 2003, and have issued our report thereon dated February 27, 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 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.

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This report is intended for the information of the Board of Control, management, 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.

Thibodaux, Louisiana,
February 27, 2004.

SCHEDULE OF FINDINGS

Lafourche 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 no
- Reportable condition(s) identified that are not
 considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

b) Federal Awards

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

Section II Financial Statement Findings

No financial statements 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

Lafourche Parish Library

For the year ended December 31, 2003

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

Internal Control

02-1 **Recommendation** - We recommend that the Library follow proper purchasing procedures set forth by the Library when purchasing materials and supplies in the future.

Management's Response - Resolved, the purchasing agent is no longer an employee of the Library. All current purchasing agents have been made aware of the procedures for the purchase of materials and supplies.

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

Lafourche 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

Lafourche 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.

Internal Control

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

Lafourche 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.