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ST. JOHN THE BAPTIST PARISH LIBRARY

Annual Financial Report

**As of and for the Year Ended
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

KEITH J. ROVIRA
Certified Public Accountant

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana

Annual Financial Report

As of and for the Year Ended
December 31, 2003

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INDEPENDENT AUDITOR'S REPORT

St. John the Baptist Parish Library
A Component Unit of the
St. John the Baptist Parish Council
LaPlace, Louisiana

I have audited the accompanying basic financial statements of the St. John the Baptist Parish Library, a component unit of the St. John the Baptist 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 management of the St. John the Baptist Parish Library. My responsibility is to express an opinion on these basic financial statements based on my audit.

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


In my opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the St. John the Baptist Parish Library 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 the notes to the basic financial statements, the St. John the Baptist Parish Library has 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." This results in a change in the format and content of the financial statements.

In accordance with Government Auditing Standards, I have also issued a report dated May 7, 2004, on my consideration of the St. John the Baptist Parish Library's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations and contracts. 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 my audit.

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

My audit was prepared for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information schedules listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the St. John the Baptist Parish Library. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as whole.



Keith J. Rovira
Certified Public Accountant

May 7, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
Management's Discussion and Analysis
As of and for the year ended December 31, 2003

The Management's Discussion and Analysis (MD&A) of the St. John the Baptist Parish Library's 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 the additional information contained in the basic financial statements. The MD&A is an element of the new reporting model adopted by the Government Accounting Standards Board (GASB) in their Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments" issued June, 1999. Certain comparative information between the current year and prior year is required to be presented in the MD&A. However, because this is the first year of implementing the new reporting model, certain necessary comparative information of the previous year was not prepared. GASB Statement No. 34 permits the omission of this comparative information in the first year of adoption of the new reporting model. Subsequent reports will include the comparative information.

FINANCIAL HIGHLIGHTS

The minimum requirements for financial reporting on the St. John the Baptist Parish Library's office that was established by GASB No. 34 are divided into the following sections:

- (a) Management's Discussion and Analysis
- (b) Basic Financial Statements
- (c) Required Supplementary Information (other than MD&A)

Basic Financial Statements:

The basic financial statements present information for the library as a whole, in a format designed to make the statements easier for the reader to understand. The financial statements in this section are divided into the two following types:

- (1) Government-Wide Financial Statements, which include a Statement of Net Assets and a Statement of Activities. These statements present financial information for all activities of the library from an economic resources measurement focus using the accrual

ST. JOHN THE BAPTIST PARISH LIBRARY
 LaPlace, Louisiana
 Management's Discussion and Analysis
 As of and for the year ended December 31, 2003

basis of accounting and providing both short-term and long-term information about the library's overall financial status.

(2) Fund Financial Statements, which include a Balance Sheet and a Statement of Revenues, Expenses, and Changes in Fund Balance for the General Fund (a governmental fund). These financial statements present information on the individual fund of the library allowing for more detail. The current financial resources measurement focus and the accrual basis of accounting used to prepare these statements is dependent on the fund type. The library's main governmental fund is the General Fund. The statements in this section represent the short-term financing of general government.

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Assets
 As of December 31, 2003

Current and other assets	\$2,217,374
Capital assets	<u>3,268,891</u>
Total Assets	<u>5,486,265</u>
Current liabilities	200,321
Long-term liabilities	<u>1,948,625</u>
Total Liabilities	<u>2,148,946</u>
Net Assets:	
Invested in capital assets, net of debt	1,443,164
Restricted for debt service	1,825,727
Restricted for endowment	5,000
Unrestricted	<u>63,428</u>
Total Net Assets	<u>\$3,337,319</u>

The library has net assets "restricted" for debt service and an endowment. Restricted net assets represent those portions of net assets legally segregated for a specific future use.

ST. JOHN THE BAPTIST PARISH LIBRARY
 LaPlace, Louisiana
 Management's Discussion and Analysis
 As of and for the year ended December 31, 2003

The library also has "unrestricted" net assets, and those are net assets that do not have any limitations on what the amounts may be used for.

Net assets of the library increased by \$1,216,326 or 36.4%, from December 31, 2002 to December 31, 2003. This mainly results from the inclusion of capital assets, net of accumulated depreciation, into Net Assets. Capital assets, net of accumulated depreciation, which includes the library collection, office furniture and equipment, buildings and land was not a part of the net assets of the library under the basis of accounting used prior to the adoption of GASB Statement No. 34.

Statement of Revenues, Expenditures and
 Changes in Fund Balance
 For the year ended December 31, 2003

Revenues	\$1,862,583
Expenditures	<u>1,966,523</u>
Net Change in Fund Balance	<u>\$ (103,940)</u>

The library's total revenues decreased by \$15,378, or .82%. The total cost of all expenditures decreased by \$736,930, or 27.3%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets:

The library had \$6,748,101 invested in a broad range of capital assets, including the library collection, office furniture and equipment, buildings and land as of December 31, 2003. This amount represents the original cost of the capital assets, and reflects a net increase (including additions and deductions) of \$2,460,291, or 57.4%, over last year's total. This was mainly due to the inclusion of the newly constructed central library building into capital assets.

Even though the library is restricted by state statute from owning

ST. JOHN THE BAPTIST PARISH LIBRARY
 LaPlace, Louisiana
 Management's Discussion and Analysis
 As of and for the year ended December 31, 2003

buildings and land (real property), GASB Statement No. 34 requires that buildings be reported as capital assets on the library's Statement of Net Assets and depreciated annually, as applicable, because the library has primary responsibility for managing and maintaining the building.

The table below lists capital assets by type, and the accumulated depreciation as of year-end:

<u>Capital Assets</u>	
Library collection	\$2,786,466
Office furniture and equipment	1,258,275
Buildings	2,663,360
Land	<u>40,000</u>
	6,748,101
Less: Accumulated depreciation	<u>(3,479,210)</u>
Net Capital Assets	<u>\$3,268,891</u>

Debt:

The Library had long-term debt outstanding at year end totaling \$1,948,625, which was comprised of amounts due for the payment of bond principal and interest of \$1,825,727 and amounts for accrued annual and sick leave payable of 122,898.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Revenues/receipts were \$18,311 more than the final budget amount. Expenditures/disbursements were \$29,192 less than the budgeted. These variances are immaterial to the current overall financial position of the library.

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
Management's Discussion and Analysis
As of and for the year ended December 31, 2003

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The library considered the following factors and indicators when setting up next year's budget: (1) the total income for operations would remain at a stable level and no remarkable deviations are anticipated for next year (year 2004); (2) due to the history of increases in past years of group health insurance premiums, a radical increase for 2004 is possible; (3) at this point it is difficult to determine when the library will actually incur expenses for "furnishing" the new Garyville branch - year 2004 or possibly 2005. The parish, and not the library, is funding the "construction" of the Garyville branch.

Baring any unforeseen events, the library currently expects that next year's revenues will be sufficient to cover its expenses.

CONTACTING THE LIBRARY'S MANAGEMENT

This financial report is designed to provide the citizens, taxpayers, investors and creditors with a general overview of the library's finances, and to show the library's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact Mr. Randy De Soto, Administrative Librarian of the St. John the Baptist Parish Library, 2920 Highway 51, LaPlace, Louisiana 70068, or telephone, 985-652-6857.

BASIC FINANCIAL STATEMENTS
(GOVERNMENT-WIDE FINANCIAL STATEMENTS)

ST. JOHN THE BAPTIST PARISH LIBRARY
 LaPlace, Louisiana
 Statement of Net Assets
 December 31, 2003

ASSETSCurrent Assets:

Cash (Note C)	\$ 444,908
Ad valorem tax receivable	1,712,530
State revenue sharing receivable	<u>59,936</u>
Total Current Assets	<u>2,217,374</u>

Noncurrent Assets:

Capital assets (net of depreciation) (Note D)	3,268,891
Total Noncurrent Assets	<u>3,268,891</u>

TOTAL ASSETS	<u>5,486,265</u>
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LIABILITIESCurrent Liabilities:

Accounts payable	130,367
Sheriff's pension contribution payable	<u>69,954</u>
Total Current Liabilities	<u>200,321</u>

Long-term Liabilities:

Due or payable within one year:	
Bond principal and interest payable (Note F)	360,837
Accrued annual and sick leave payable (Note F)	122,898
Due or payable after one year:	
Bond principal and interest payable (Note F)	<u>1,464,890</u>
Total Long-term Liabilities	<u>1,948,625</u>

TOTAL LIABILITIES	<u>2,148,946</u>
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NET ASSETS

Invested in capital assets, net of related debt	1,443,164
Restricted for debt service	1,825,727
Restricted for endowment	5,000
Unrestricted	<u>63,428</u>

TOTAL NET ASSETS	<u>\$3,337,319</u>
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The accompanying notes are an integral part of this statement.

ST. JOHN THE BAPTIST PARISH LIBRARY
 LaPlace, Louisiana
 Statement of Activities
 For the Year Ended December 31, 2003

EXPENSES

Library Services:	
Personnel services	\$928,062
Operating services	248,033
Material and supplies	21,950
Travel and other charges	3,032
Capital outlay	152,391
Depreciation	258,144
Bond interest expense and fiscal charges	79,082
Deductions from ad valorem taxes for Sheriff's retirement system	<u>70,580</u>
Total Expenses	<u>1,761,274</u>

GENERAL REVENUES

Ad valorem taxes (net)	1,697,543
State revenue sharing	89,904
Fees, fines and charges for library services	45,001
Interest earnings	7,016
Sale of fixed assets	<u>23,119</u>
Total General Revenues	<u>1,862,583</u>
Change in Net Assets	101,309
Net Assets at Beginning of Year (Restated)	<u>3,236,010</u>
Net Assets at End of Year	<u><u>\$3,337,319</u></u>

The accompanying notes are an integral part of this statement.

BASIC FINANCIAL STATEMENTS
(FUND FINANCIAL STATEMENTS)

ST. JOHN THE BAPTIST PARISH LIBRARY
 LaPlace, Louisiana
 Balance Sheet
 Governmental Funds
 December 31, 2003

	General Fund	Capital Project Central Library Construction	Debt Service Fund	Total Governmental Funds
<u>ASSETS</u>				
Cash (Note C)	\$303,917	\$80,890	\$60,101	\$444,908
Revenue receivables:				
Ad valorem taxes	1,712,530	-	-	1,712,530
State revenue sharing	<u>59,936</u>	<u>-</u>	<u>-</u>	<u>59,936</u>
Total Assets	<u>\$2,076,383</u>	<u>\$80,890</u>	<u>\$60,101</u>	<u>\$2,217,374</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable & payroll tax deductions	\$4,474	\$125,893	-	\$130,367
Sheriff's pension contribution payable	<u>69,954</u>	<u>-</u>	<u>-</u>	<u>69,954</u>
Total Liabilities	<u>74,428</u>	<u>125,893</u>	<u>-</u>	<u>200,321</u>
Fund Balance:				
Reserved for endowment	5,000	-	-	5,000
Unreserved - undesignated	<u>1,996,955</u>	<u>(45,003)</u>	<u>\$60,101</u>	<u>2,012,053</u>
Total Fund Balance	<u>2,001,955</u>	<u>(45,003)</u>	<u>60,101</u>	<u>2,017,053</u>
Total Liabilities and Fund Balance	<u>\$2,076,383</u>	<u>\$80,890</u>	<u>\$60,101</u>	<u>\$2,217,374</u>

The accompanying notes are an integral part of this statement.

ST. JOHN THE BAPTIST PARISH LIBRARY
 LaPlace, Louisiana
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Assets
 December 31, 2003

Total Fund Balance - Governmental Funds	\$2,017,053
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Amounts reported for governmental activities
 in the Statement of Net Assets are different
 because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet, net of accumulated depreciation	3,268,891
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Some liabilities are not due and payable
 in the current period and therefore are
 not reported in the funds. Those liabilities
 consist of:

Bonds payable	(1,825,727)
Accrued annual and sick leave payable	<u>(122,898)</u>

Total Net Assets of Governmental Activities	<u>\$3,337,319</u>
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The accompanying notes are an integral part of this statement.

ST. JOHN THE BAPTIST PARISH LIBRARY
 LaPlace, Louisiana
 Statement of Revenues, Expenditures and
 Changes in Fund Balance
 Governmental Funds
 For the Year Ended December 31, 2003

	<u>General Fund</u>	<u>Capital Project Central Library Construction</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>				
Ad valorem taxes (net)	\$1,697,543	-	-	\$1,697,543
State revenue sharing	89,904	-	-	89,904
Fees, fines & charges for library services	45,001	-	-	45,001
Interest earnings	5,867	\$611	\$538	7,016
Sale of fixed assets	<u>23,119</u>	<u>-</u>	<u>-</u>	<u>23,119</u>
Total Revenues	<u>1,861,434</u>	<u>611</u>	<u>538</u>	<u>1,862,583</u>
<u>EXPENDITURES</u>				
Library Services:				
Personnel services	928,062	-	-	928,062
Operating services	247,341	345	345	248,031
Material & supplies	21,950	-	-	21,950
Travel and other charges	3,032	-	-	3,032
Capital outlay	184,003	146,782	-	330,785
Bond principal payment	-	-	285,000	285,000
Bond interest expense and fiscal charges	-	-	79,083	79,083
Deductions from ad valorem taxes for Sheriff's retire- ment system	<u>70,580</u>	<u>-</u>	<u>-</u>	<u>70,580</u>
Total Expenditures	<u>1,454,968</u>	<u>147,127</u>	<u>364,428</u>	<u>1,966,523</u>
Excess (Deficiency) of Revenues over Expenditures	<u>406,466</u>	<u>(146,516)</u>	<u>(363,890)</u>	<u>(103,940)</u>

(Continued)

The accompanying notes are an integral part of this statement.

ST. JOHN THE BAPTIST PARISH LIBRARY
 LaPlace, Louisiana
 Statement of Revenues, Expenditures and
 Changes in Fund Balance
 Governmental Funds
 For the Year Ended December 31, 2003

	<u>General Fund</u>	<u>Capital Project Central Library Construction</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>OTHER FINANCING</u>				
<u>SOURCES (USES)</u>				
Transfer to Sinking Fund	\$(372,408)	-	-	\$(372,408)
Transfer in from General Fund	<u>-</u>	<u>-</u>	<u>\$372,408</u>	<u>372,408</u>
Total Other Sources (Uses)	<u>(372,408)</u>	<u>-</u>	<u>372,408</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	34,058	\$(146,516)	8,518	(103,940)
Fund Balance at Beginning of Year	<u>1,967,897</u>	<u>101,513</u>	<u>51,583</u>	<u>2,120,993</u>
Fund Balance at End of Year	<u>\$2,001,955</u>	<u>\$(45,003)</u>	<u>\$60,101</u>	<u>\$2,017,053</u>

The accompanying notes are an integral part of this statement.

ST. JOHN THE BAPTIST PARISH LIBRARY
 LaPlace, Louisiana
 Reconciliation of the Statement of Revenues,
 Expenditures and Changes in Fund Balance
 to the Statement of Activities
 For the Year Ended December 31, 2003

Net Change in Fund Balance - Governmental Funds	\$(103,940)
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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 as depreciation expense. In the current year, this net amount is:	43,147
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Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. In the current year, those amounts consist of:

Bond principal retirement	285,000
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Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Increase in accrued annual and sick leave	<u>(122,898)</u>
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Change in Net Assets of Governmental Activities	<u>\$101,309</u>
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The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
Notes to the Financial Statements
December 31, 2003

INTRODUCTION

The St. John the Baptist Parish Library was established by the parish governing authority under provisions of Louisiana Revised Statute (LSA-R.S.) 25:211. The library provides citizens of the parish and the adjoining parishes, through reciprocal agreements, access to library materials, books, magazines, records and films. The library is governed by a board of control that is appointed by the parish council in accordance with provisions of LSA-R.S. 25:214.

The Library serves the community with a population of approximately 44,000 people. One main library and three branch libraries served approximately 153,000 persons during the year, excluding those persons assisted over the telephone.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Presentation

The accompanying general purpose financial statements of the St. John the Baptist Parish Library have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

In addition, the St. John the Baptist Parish Library 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 for the first time this year. In this regard, the library will be treated as a governmental-type activity for financial reporting purposes in this audit. The minimum requirements for the library established by GASB Statement No. 34 are divided into the following sections: (a) Management's Discussion and Analysis, (b) Basic Financial Statements, and (c) Required Supplementary Information (other than MD&A).

The accompanying financial statements of the St. John the Baptist Parish Library present information only as to the transactions of the programs of the

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
Notes to the Financial Statements
December 31, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

library as authorized by Louisiana statutes and administrative regulations. Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues, including ad valorem taxes, state revenue sharing, intergovernmental revenue, interest and other revenues of the library, are recognized in the accounting period in which they are earned and become measurable.

Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. They are recognized as revenue in the year the taxes are assessed.

Expense Recognition

Expenses are also recognized on the accrual basis; therefore, expenses, including salaries, operating services and expenses, materials and supplies, travel, capital outlay, intergovernmental expenses, etc. are recognized in the period incurred, if measurable.

2. Reporting Entity

As the governing authority of the parish, for reporting purposes, the St. John the Baptist Parish Council is the financial reporting entity for St. John the Baptist Parish. The financial reporting entity consists of (a) the primary government (St. John the Baptist Parish Council), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
Notes to the Financial Statements
December 31, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

St. John the Baptist Parish Council for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability.

The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. the ability of the parish council to impose its will on that organization, and/or
 - b. the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the parish council.
2. Organizations for which the parish council does not appoint a voting majority, but are fiscally dependent on the parish council.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the parish council appoints the governing board and because of the scope of public service, the library was determined to be a component unit of St. John the Baptist Parish Council, the governing body of the parish and the governmental body with oversight responsibility.

The accompanying financial statements present information only on those funds maintained by the library and do not present information on the council, the general government services provided by that governmental unit, or the other governmental units that comprise the governmental reporting entity.

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
Notes to the Financial Statements
December 31, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Fund Accounting

The library uses governmental fund types and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions and activities.

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

The library's governmental fund types are described as follows:

a. General Fund

The General Fund is the principal fund of the library and accounts for general activities, including the collection and disbursement of specific or legally restricted monies and the acquisition of general fixed assets. The various taxes, fees and charges due to the library are accounted for in this fund, as well as, general operating expenditures.

b. Capital Project Fund

These funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

c. Debt Service Fund

This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
Notes to the Financial Statements
December 31, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Budget

All proposed budgets for the library were prepared on the cash basis of accounting. These budgets were completed and made available for public inspection at the library on November 13, 2002. A public hearing was held on December 2, 2002, for suggestions and comments from the public, and the proposed budgets were formally adopted on that date. The budgets, which included proposed cash expenditures and the means of financing them, were published in the official journal prior to the public hearing. All appropriations lapse at year end, and any accounts payable outstanding at year end are included in the next year's budget with funds appropriated in that year to finance them. Formal budget integration is not employed as a management control device during the year; however, the administrative librarian monitors the budget during the year.

The administrative librarian is authorized to transfer amounts between line items within any fund. When actual cash revenues fail to meet budgeted cash revenues by five percent or more and/or actual cash expenditures exceed budgeted expenditures by five percent or more, a budget amendment to reflect such change is adopted by the library board in an open meeting. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

The following is a reconciliation of the excess of receipts over disbursements (budget comparison)

ST. JOHN THE BAPTIST PARISH LIBRARY
 LaPlace, Louisiana
 Notes to the Financial Statements
 December 31, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

with the excess of revenues over expenditures on for the General Fund:

	<u>General Fund</u>
Excess (Deficiency) of receipts over disbursements and other financing uses	\$(16,034)
Add:	
+ Receivables at December 31, 2003	1,772,466
+ Liabilities at December 31, 2002	80,194
Less:	
- Receivables at December 31, 2002	(1,728,140)
- Liabilities at December 31, 2003	<u>(74,428)</u>
Excess (Deficiency) of revenues over expenditures	<u>\$34,058</u>

5. Cash
Cash includes amounts in interest bearing demand deposits and a savings account. Under state law, the library may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, U.S. Treasury Bills or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.
6. Receivables
There was a 2% allowance for doubtful accounts set up based on past experience of the differences in the amount of ad valorem taxes received and accrued as recorded on the financial statements.
7. Capital Assets
Capital assets are recorded at either historical cost or estimated historical cost and are depreciated over their estimated useful lives (excluding salvage value). Any donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
Notes to the Financial Statements
December 31, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

long the asset is expected to meet service demands. Straight-line depreciation is used based on the following estimated useful lives: office furniture and equipment - 5 years; vehicles - 5 years; outdoor metal furniture - 20 years; library collection - 7 years.

Beginning in 2003, the library board adopted a policy to depreciate all fixed assets that have a purchase price of \$350 or more as part of the implementation of GASB Statement No. 34.

8. Annual and Sick Leave (Long-Term Obligations)

Vacation (annual) leave is accumulated by employees at a variable rate, which is predetermined by the library board and depends on the employee's years of service. The leave is accumulated on a per month basis and is credited at the end of each month. Upon separation from employment, the employee is paid for all vacation leave that is accumulated and credited to the employee. Employees may accumulate a maximum of two and one half times their rate of annual leave.

Sick leave is granted to full-time, permanent employees at the rate of 12 working days (96 hours) per calendar year. Any unused amount of sick leave can be accumulated without limit and carried forward from one year to the next indefinitely. No compensation for unused sick leave is paid to employees upon retirement or termination. Unused sick leave is recorded and maintained for each employee and retiree in accordance with the rules of the Parochial Employees' Retirement System so that upon retirement the unused amount can be converted to additional retirement credit. Accrued sick leave is included as a long-term liability on the Statement of Net Assets.

9. Restricted Net Assets

Restricted net assets represent those portions of net assets legally segregated for a specific future use. The library restricts net assets on the Statement of Net Assets for principal and interest payments on bonds (debt service) and for an endowment received in 1976.

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
Notes to the Financial Statements
December 31, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10. Encumbrances
Encumbrance accounting is not utilized by the library due to the nature of operations and the ability of management to monitor budgeted expenses on a timely basis.
11. 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.

ST. JOHN THE BAPTIST PARISH LIBRARY
 LaPlace, Louisiana
 Notes to the Financial Statements
 December 31, 2003

NOTE B - LEVIED TAXES

Through the parish council, the library is authorized to levy a 10-mill ad valorem tax for library operations, maintenance, and construction. The library levied and received 9.90 mills for the year ended December 31, 2003.

NOTE C - CASH

At December 31, 2003, the carrying amounts (book balances) of all cash of the library was as follows:

Cash on hand	\$ 490
Interest bearing demand deposits	437,052
Savings accounts	<u>7,366</u>
Total	<u>\$444,908</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2003, the library had \$485,276 in deposits (collected bank balances). These deposits were secured from risk by \$100,000 of federal deposit insurance and \$385,276 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the library that the fiscal agent has failed to pay deposited funds upon demand.

ST. JOHN THE BAPTIST PARISH LIBRARY
 LaPlace, Louisiana
 Notes to the Financial Statements
 December 31, 2003

NOTE D - CAPITAL ASSETS

The capital assets used in the governmental-type activities are included on the Statement of Net Assets of the library and are capitalized at historical cost. Depreciation of all exhaustible capital assets used by the library is charged as an expense against operations. Accumulated depreciation is reported on the Statement of Net Assets. Depreciation expense for financial reporting purposes is computed using the straight-line method over the useful lives of the capital assets and is reported in the Statement of Activities.

A summary of changes in capital assets and accumulated depreciation during the year is listed as follows:

	<u>Balance</u> <u>12/31/02</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/03</u>
<u>Capital Assets</u>				
Library collection	\$2,975,497	\$120,168	\$309,199	\$2,786,466
Office furniture and equipment	1,312,313	18,670	72,708	1,258,275
Buildings	2,663,360	-	-	2,663,360
Land	-	<u>40,000</u>	-	<u>40,000</u>
Total	<u>\$6,951,170</u>	<u>\$178,838</u>	<u>\$381,907</u>	<u>\$6,748,101</u>
<u>Less Accumulated Depreciation for -</u>				
Library collection	\$2,267,511	\$108,787	-	\$2,376,298
Office furniture and equipment	925,812	82,773	-	1,008,585
Buildings	27,743	66,584	-	94,327
Land	-	-	-	-
Total	<u>\$3,221,066</u>	<u>\$258,144</u>	<u>-</u>	<u>\$3,479,210</u>

Prior to January 1, 1999, library books are added to fixed assets at the Bowker Annual average book prices for adult and juvenile books. After that date, all fixed assets were added and deducted at actual prices obtained by creating lists from the INNOPAC (online catalog) system.

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
Notes to the Financial Statements
December 31, 2003

NOTE D - CAPITAL ASSETS (CONTINUED)

GASB Statement No. 34 requires that buildings be reported reporting as capital assets on the library's Statement of Net Assets and depreciated annually, as applicable, because the library has primary responsibility for managing and maintaining the building.

NOTE E - PENSION PLAN

Plan Description

Substantially all employees of St. John the Baptist Parish Library are members of the Parochial Employees Retirement System of Louisiana (System), a cost-sharing, multiple-employer defined pension benefit plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the library are members of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of credited service, or at any age with at least 30 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of the member's final-average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only, prior to January 1, 1980, the benefit is equal to one percent of the final-average salary plus \$24 for each year of supplemental plan only service earned prior to January 1, 1980. 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.

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
Notes to the Financial Statements
December 31, 2003

NOTE E - PENSION PLAN (CONTINUED)

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (504)928-1361.

Funding Policy

Under Plan A, members of the System are required to contribute 9.5% of their annual covered salary and the library is required to make employer contributions at an actuarially determined rate. The employer's contribution rate for the year ended December 31, 2003 is 7.75% of annual covered payroll. Contributions to the System also 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. The contribution requirements of plan members and the library are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

The library's (employer) contributions to the System under Plan A for the years ended December 31, 2003, 2002 and 2001, were \$43,629, \$41,617 and \$41,348, respectively, and these amounts equaled the required contributions for each year.

ST. JOHN THE BAPTIST PARISH LIBRARY
 LaPlace, Louisiana
 Notes to the Financial Statements
 December 31, 2003

NOTE F - LONG-TERM LIABILITIES

Accrued Annual and Sick Leave

At December 31, 2003, employees of the library have accumulated and vested amounts of employee leave benefits, which are computed in accordance with GASB Codification Section C60. This amount is recorded in the Statement of Net Assets as a long-term liability.

The following is a summary of long-term obligation transactions for unused annual and sick leave during the year:

	<u>Unused Annual Leave</u>	<u>Unused Sick Leave</u>	<u>Totals</u>
Long-term obligations payable at December 31, 2002	\$35,015	\$82,561	\$117,576
Additions	43,613	22,113	65,726
Deductions	<u>(41,366)</u>	<u>(19,038)</u>	<u>(60,404)</u>
Long-term obligations payable at December 31, 2003	<u>\$37,262</u>	<u>\$85,636</u>	<u>\$122,898</u>

Bonds Payable (Certificates of Indebtedness)

On March 10, 1998, the St. John the Baptist Parish Council, the parish's governing authority, issued Certificates of Indebtedness, Series 1998 bonds with a principal amount totaling \$2,925,000. The proceeds from this issue are for maintaining, constructing and operating public libraries in St. John the Baptist Parish. The certificates mature serially through March 1, 2008, and are backed by the full faith and credit of St. John the Baptist Parish. However, the library is committed to paying all the principal, interest and cost associated with this bond issue.

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
Notes to the Financial Statements
December 31, 2003

NOTE F - LONG-TERM LIABILITIES (CONTINUED)

The following is a schedule of the principal maturities and interest payment requirements for this certificate:

Year Ending December 31,	Principal Due	Interest Due	Total Due
1999	\$ 235,000	\$139,457	\$ 374,457
2000	245,000	125,058	370,058
2001	255,000	110,058	365,058
2002	270,000	94,308	364,308
2003	285,000	79,083	364,083
2004	295,000	65,837	360,837
2005	310,000	53,051	363,051
2006	325,000	39,236	364,236
2007	345,000	24,323	369,323
2008	<u>360,000</u>	<u>8,280</u>	<u>368,280</u>
	<u>\$2,925,000</u>	<u>\$738,692</u>	<u>\$3,663,692</u>

The following is a summary of the changes in outstanding bond principal due for the year:

Balance due at December 31, 2002	\$1,920,000
Issued	-
Retired	<u>(285,000)</u>
Balance due at December 31, 2003	<u>\$1,635,000</u>

The library paid all of the required interest payments during the year which totaled \$79,083.

Recap: Bond interest payments due	\$ 190,727
Bond principal payments due	<u>1,635,000</u>
Subtotal	1,825,727
Accrued annual and sick leave	<u>122,898</u>
Total	<u>\$1,948,625</u>

In the Statement of Net Assets, the library has restricted

ST. JOHN THE BAPTIST PARISH LIBRARY
 LaPlace, Louisiana
 Notes to the Financial Statements
 December 31, 2003

NOTE F - LONG-TERM LIABILITIES (CONTINUED)

\$1,825,727 of net assets for the future payment of bonds and associated interest. These amounts represent those portions of net assets legally segregated for a specific future use.

NOTE G - LEASES AND COMMITMENTS

The library has two separate operating lease agreements for buildings. The first is for the Garyville Branch Library for a lease term of three years beginning July 1, 2001 and ending June 30, 2004, with \$867 per month lease payments. The second is for additional office space in LaPlace (Annex) for the library staff for a month-to-month lease term beginning July 1, 2001, with \$725 per month lease payments.

In addition, the library entered into agreements to lease three copier machines for each library office location. These agreements cover different periods of time and rental payments range from \$250 to \$102 per month.

The total minimum annual commitments under all operating leases are as follows:

Year ending December 31:

2004	<u>\$6,180</u>
Total minimum lease payments	<u>\$6,180</u>

The library has no other capital or operating leases open at December 31, 2003.

NOTE H - ENDOWMENT (RESTRICTED NET ASSET)

On August 19, 1976, the library received an endowment of \$5,000 in memory of Dr. John Smyth. In accordance with the endowment agreement, this money is invested in an interest bearing account. The interest earnings from this investment are used to purchase books for the library.

ST. JOHN THE BAPTIST PARISH LIBRARY
 LaPlace, Louisiana
 Notes to the Financial Statements
 December 31, 2003

NOTE I - LITIGATION

According to the library's attorney, the library was not involved in any litigation at December 31, 2003, which would require presentation in financial statements or notes thereto. Therefore, no provision for liability has been set up in the accompanying basic financial statements.

NOTE J - HEALTH CARE AND LIFE INSURANCE BENEFITS

The library provides certain continuing health insurance benefits for active and retired employees. The library pays 100% of the active and retired employees portions of their health insurance premiums. Premiums are paid monthly to the St. John the Baptist Parish Government's health insurance carrier for library employee coverage. The library's portion of the cost is recognized as an expenditure when paid. There were two retired library employee participating in the plan as of December 31, 2003. The cost of providing benefits for that retired employee for the year was \$8,756. The costs of providing benefits for the active employees for the year was \$186,449.

NOTE K - PRIOR-YEAR RESTATEMENT OF NET ASSETS

The following adjustments were made to restate beginning fund balance at December 31, 2002 to net assets, due to the conversion of the library's (GAAP) financial statements to the new GASB Statement No. 34 provisions:

Total fund balance - Governmental Fund - at December 31, 2002	\$2,120,993
Add: Cost of capital assets, net of accumulated depreciation	3,427,725
Less: Accrued annual and sick leave payable	(122,898)
Less: Bond principal and interest payable	<u>(2,189,810)</u>
Net Assets at December 31, 2002	<u>\$3,236,010</u>

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
Notes to the Financial Statements
December 31, 2003

NOTE L - DEFICIT FUND BALANCE

The \$45,003 deficit in the Central Library Construction Fund - Capital Project Fund will be financed by monies transferred in from the General Fund in 2004.

REQUIRED SUPPLEMENTARY INFORMATION (RSI)

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
Required Supplementary Information
Budgetary Comparison Schedule
Statement of Receipts, Disbursements and Changes in
Cash Balance - Budget (Cash Basis) and Actual
General Fund - Governmental Fund
For the Year Ended December 31, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
				<u>Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
RECEIPTS				
Ad valorem taxes	\$1,674,890	\$1,641,042	\$1,653,903	\$12,861
State revenue sharing	88,804	88,804	88,983	179
Fees, fines & charges for library services	51,391	39,077	44,318	5,241
Interest earnings	7,530	5,837	5,867	30
Sale of fixed assets	200	23,120	23,120	-
Total Receipts	<u>1,822,815</u>	<u>1,797,880</u>	<u>1,816,191</u>	<u>18,311</u>
 DISBURSEMENTS				
Salaries, related benefits and payroll taxes	986,437	932,987	928,062	4,925
Operating services	261,053	261,141	255,042	6,099
Materials and supplies	22,800	21,678	21,926	(248)
Travel and other charges	5,900	3,105	3,032	73
Capital outlay	181,801	200,799	183,496	17,303
Intergovernmental	68,118	69,299	68,259	1,040
Total Expenditures	<u>1,526,109</u>	<u>1,489,009</u>	<u>1,459,817</u>	<u>29,192</u>
Excess (Deficiency) of Receipts over Disbursements	<u>296,706</u>	<u>308,871</u>	<u>356,374</u>	<u>47,503</u>

(Continued)

The accompanying notes are an integral part of this statement.

ST. JOHN THE BAPTIST PARISH LIBRARY
 LaPlace, Louisiana
 Required Supplementary Information
 Budgetary Comparison Schedule
 Statement of Receipts, Disbursements and Changes in
 Cash Balance - Budget (Cash Basis) and Actual
 General Fund - Governmental Fund
 For the Year Ended December 31, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	with Final Budget Positive (Negative)
<u>OTHER FINANCING</u>				
<u>SOURCES (USES)</u>				
Transfers out	\$(450,583)	\$(372,408)	\$(372,408)	-
Total Other Sources (Uses)	<u>(450,583)</u>	<u>(372,408)</u>	<u>(372,408)</u>	-
Excess (Deficiency) of Receipts over Disbursements and Other Financing Uses	(153,877)	(63,537)	(16,034)	\$47,503
Cash, Balance at Beginning of Year	<u>296,832</u>	<u>312,378</u>	<u>320,185</u>	<u>7,807</u>
Cash, Balance at End of Year	<u>\$142,955</u>	<u>\$248,841</u>	<u>\$304,151</u>	<u>\$55,310</u>

The accompanying notes are an integral part of this statement.

SUPPLEMENTARY INFORMATION SCHEDULES

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
Supplementary Information Schedules
Schedule of Per Diem Paid to Board Members
For the Year Ended December 31, 2003

	<u>Meetings Attended</u>	<u>Per Diem</u>
Leroy D. Williams	8	\$ 400
George W. Haas	8	400
Grace H. Cook	7	350
Norris J. Millet	7	350
Geanell Wagner	7	350
Adrienne T. Sherwood	6	300
Denice M. Borne	<u>5</u>	<u>250</u>
	<u>48</u>	<u>\$2,400</u>

Board members are paid \$50 for each meeting they attend.

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
Supplementary Information Schedules
Summary Schedule of Prior Audit Findings and
Corrective Action Plan for Current Year Audit Findings
For the Year Ended December 31, 2003

I have audited the accompanying basic financial statements of the St. John the Baptist Parish Library, a component unit of the St. John the Baptist Parish Council, as of and for the year ended December 31, 2003, and have issued my report thereon dated May 7, 2004. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. My audit of the financial statements as of December 31, 2003 resulted in an unqualified opinion.

Section I - Summary of Auditor's Report and Findings

There was one material weakness in internal control that was a reportable condition which required disclosure in this audit report (Finding No. 1).

There were no instances of noncompliance that were required to be reported in this audit report.

There were no other findings, required to be reported, and no management letter was issued for the current audit period.

There was one prior-year audit finding, and it was the same as this current-year finding (Finding No. 1).

The St. John the Baptist Parish Library did not receive any major or significant federal funding during the twelve months ended on December 31, 2003.

ST. JOHN THE BAPTIST PARISH LIBRARY
LaPlace, Louisiana
Supplementary Information Schedules
Summary Schedule of Prior Audit Findings and
Corrective Action Plan for Current Year Audit Findings
For the Year Ended December 31, 2003

Section II - Financial Statement Finding

Finding No. 1

Fiscal Year Finding Initially Occurred: Has existed since inception.

Finding Described: The size of the board's operations and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal accounting control.

Corrective Action and Additional Explanation: Management is aware of this inadequacy in the internal control structure, however, it feels that to employ such controls would not be cost beneficial. No action will need to be taken.

Contact Person:

Mr. Randy De Soto, Administrative Librarian
St. John the Baptist Parish Library
2920 Highway 51, LaPlace, Louisiana 70068
Telephone: 985-652-6857

Anticipated Completion Date: Not applicable.

**OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

KEITH J. ROVIRA
CERTIFIED PUBLIC ACCOUNTANT
3331 METAIRIE ROAD
METAIRIE, LOUISIANA 70001-5297

(504) 831-4040

FAX (504) 831-4042

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

St. John the Baptist Parish Library
A Component Unit of the
St. John the Baptist Parish Council
LaPlace, Louisiana

I have audited the basic financial statements of the St. John the Baptist Parish Library, a component unit of the St. John the Baptist Parish Council, as of and for the year ended December 31, 2003, and have issued my report thereon dated May 7, 2004. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As a part of obtaining reasonable assurance about whether the St. John the Baptist Parish Library's basic financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

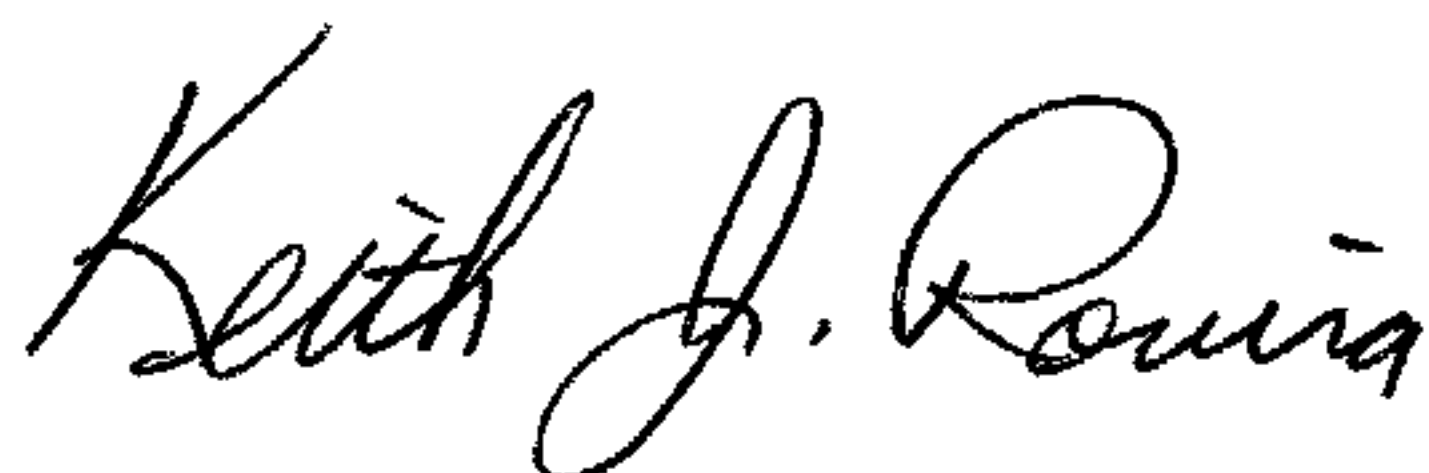
Internal Control Over Financial Reporting

In planning and performing my audit, I considered the St. John the Baptist Parish Library's internal control over financial reporting in order to determine my auditing procedures for the purpose of

expressing my opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. However, I noted a matter involving the internal control over financial reporting and its operations that I consider to be reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgement, could adversely affect the board's ability to record, process, summarize and report financial data consistent with the assertions of management in the basic financial statements. I noted that, as a material weakness, the size of the board's operations and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal accounting control. Management is aware of this inadequacy in the internal control structure, however, it feels that to employ such controls would not be cost beneficial.

A material weakness is a reportable 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 basic 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. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I considered the reportable condition described above to be a material weakness.

This report is intended solely for the use of management and the State of Louisiana Legislative Auditor 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 State of Louisiana Legislative Auditor, is a matter of public record.



Keith J. Rovira
Certified Public Accountant

May 7, 2004