

Financial Report
Lafourche Parish Library
Thibodaux, Louisiana
For the year ended December 31, 2009

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 6/23/10

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Lafourche Parish Library

For the year ended December 31, 2009

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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 financial statements of the governmental activities and the General Fund of the Lafourche Parish Library (the Library), a component unit of the Council of the Parish of Lafourche (the Council) State of Louisiana, as of and for the year ended December 31, 2009, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the General Fund of the Library as of December 31, 2009, and the changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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As described in Note 1b), the Library has retroactively reported a change in reporting entity for the acquisition and merger of the governmental activities and the General Fund financial statements of the Lafourche Parish Library Board of Control with the financial statements of the governmental activities and the Library Commission Fund of the Council.

In accordance with Government Auditing Standards, we have also issued our report dated March 20, 2010 on our consideration of the Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 3 through 8 is not a required part of the 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.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

Thibodaux, Louisiana,
March 20, 2010.

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, 2009. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

During the year, the Council of the Parish of Lafourche (the Council) acquired custody and maintenance of all financial accounts, assets, liabilities and records previously maintained by the Library Board of Control and merged with the Council's Library Commission Fund, a special revenue fund. As a result, the Council's Library Commission Fund is presented as the General Fund of the Library and is reporting restatements of opening fund balance and net assets due to a change in the reporting entity in the amounts of \$12,972,665 and \$20,902,880, respectively.

The Library's assets exceeded its liabilities at the close of fiscal year 2009 by \$21,834,856 (net assets), which represents a 7.55% increase from last fiscal year's restated balance.

The Library's revenue increased \$33,833 (or 0.78%) primarily due to the increases in ad valorem taxes, and the decreases in interest income and grants received in the current year.

The Library did not have a deficit fund balance at December 31, 2009.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Library's financial statements. The Library's annual report consists of three parts: (1) management's discussion and analysis (this section), (2) financial statements, and (3) various governmental compliance reports and schedules by certified public accountants and management.

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

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Library's finances, in a manner similar to a private sector business. The statement of net assets presents information on all of the Library's assets and liabilities, with the difference between

the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Library is improving or deteriorating. The statement of activities presents information showing how the Library's net assets change during each fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs regardless of the timing related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The governmental activity of the Library is 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 balance 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 governmental fund financial statements can be found on pages 9 - 11 of this report.

Notes to the Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the Library's financial position. As of December 31, 2009, assets exceeded liabilities by \$21,834,856.

Investments represent 39.70% of total assets and are comprised of Government Obligation Money Market Funds and Louisiana Asset Management Pool. Ad valorem tax and state revenue sharing receivables relating to ad valorem taxes received within 60 days of year end total \$3,752,500 or 16.96% of total assets. A portion of the Library's net assets (41.39%) reflects its investment in capital assets (land, construction in progress, buildings and improvements; furniture and equipment; vehicles and the library collection). Consequently, the capital assets are not available for future spending.

The condensed government-wide financial statements that follow include the restatement of opening net assets described in Note 1 b) of the notes to financial statements.

Condensed Statements of Net Assets

	December 31,		Dollar Change
	2009	2008	
Current and other assets	\$ 13,083,163	\$ 13,421,778	\$ (338,615)
Capital assets	9,037,444	7,921,350	1,116,094
Total assets	<u>22,120,607</u>	<u>21,343,128</u>	<u>777,479</u>
Other liabilities	<u>285,751</u>	<u>440,248</u>	<u>(154,497)</u>
Net Assets as restated:			
Invested in capital assets	9,037,444	7,921,350	1,116,094
Unrestricted	12,797,412	12,981,530	(184,118)
Total net assets	<u>\$ 21,834,856</u>	<u>\$ 20,902,880</u>	<u>\$ 931,976</u>

Governmental Activities

Governmental activities increased the Library's net assets by \$931,976. Key elements of this increase are on the next page:

Condensed Changes in Net Assets

	<u>For the year ended December 31,</u>		Dollar Change	Total Percent Change
	2009	2008		
Revenues:				
Program revenues:				
Charges for services	\$ 14,077	\$ 12,351	\$ 1,726	13.97%
Fines and forfeitures	11,164	9,338	1,826	19.55%
Grants	33,292	67,308	(34,016)	-50.54%
General revenues:				
Property taxes	4,052,781	3,812,078	240,703	6.31%
Intergovernmental	132,277	109,644	22,633	20.64%
Miscellaneous	101,570	300,609	(199,039)	-66.21%
Total revenues	<u>4,345,161</u>	<u>4,311,328</u>	<u>33,833</u>	0.78%
Expenses:				
Culture and recreation	<u>3,265,646</u>	<u>2,869,735</u>	<u>395,911</u>	13.80%
Operating transfers in/(out)	<u>(147,539)</u>	<u>-</u>	<u>(147,539)</u>	-100.00%
Increase in net assets	931,976	1,441,593	(509,617)	-35.35%
Net assets beginning of year, as restated	20,902,880	19,461,287	1,441,593	7.41%
Net assets end of year	<u>\$ 21,834,856</u>	<u>\$ 20,902,880</u>	<u>\$ 931,976</u>	4.46%

The Statement of Activities provides answers to the nature and source of changes in net assets. The Library's tax revenues increased from the prior year 6.31% due to increases in the assessed value of properties in Lafourche Parish and collection activities during the 60 days subsequent to year end. Grant revenues decreased 50.54% primarily due to the decrease in the State Aid Grant during 2009. There was a significant decrease in miscellaneous revenue, 66.21%, due to the decrease of investment earnings resulting from decreased investment balances and less favorable rates of return.

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 \$12,813,313, a decrease of \$159,352 in comparison with the restated prior year balance. The ending fund balance consists of \$12,734,823 being unreserved and available for spending at the Library's discretion, as well as \$78,490 which is reserved for prepaid insurance.

General Fund Budgetary Highlights

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

Expenditures

- Supplies and materials increased \$50,000 to reflect the library system moving from the building phase to expanding services and programs.
- Other services and charges decreased \$62,900 to reflect changes in accounting for various expenditures as a result of the transfer of accounting functions to the Lafourche Parish Government.
- Repairs and maintenance increased \$40,000 to reflect changes in accounting for various expenditures as a result of the transfer of accounting functions to the Lafourche Parish Government.

For the year ended December 31, 2009, revenues exceeded budgetary estimates while expenditures were less than budgetary estimates.

CAPITAL ASSETS

Capital Assets

The Library's investment in capital assets for its governmental activities as of December 31, 2009, amounts to \$9,037,444 (net of accumulated depreciation). This investment in capital assets (net of accumulated depreciation) includes land, buildings and improvements, furniture and equipment, vehicles, and the Library collection (see table below).

	<u>2009</u>	<u>2008</u>
Buldings and improvements	\$ 6,922,825	\$ 5,435,992
Furniture and equipment	608,736	443,747
Vehicles	57,248	55,251
Library collections	684,605	551,052
Land	664,030	664,030
Construction in Progress	<u>100,000</u>	<u>771,278</u>
 Totals	 <u>\$ 9,037,444</u>	 <u>\$ 7,921,350</u>

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

- Library collection purchases totaling \$434,407.
- One vehicle purchased totaling \$20,359.
- Furniture and equipment purchases totaling \$348,219, consisting primarily of library furniture for the new Lockport Branch building and computers purchased for the Thibodaux branch computer lab.
- \$1,988,852 was added to the Lockport branch, as well as the \$100,000 deposit paid on the new Thibodaux branch building.
- \$144,326 in professional fees were written-off for abandoning construction of a new Thibodaux branch in favor of purchasing and renovating an existing building in Thibodaux, LA.

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 2009 assessment, which the Library will receive, for the most part, in January and February, 2010.
- Salaries and benefits are based on the number of employees needed to perform necessary services and the related benefits, as well as a 4% cost of living increase for all eligible employees.
- Estimate of operating supplies needed to perform necessary services.
- Estimate of other services and charges needed to enrich and train library staff on research skills and to increase technical ability.
- Detail plan of equipment and furniture and technology maintenance needed to be purchased to set up new buildings if approved by the Lafourche Parish Council.
- Completion of remaining building renovation.

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 Control 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, 2009

	General Fund	Adjustments (Exhibit B)	Statement of Net Assets
Assets			
Cash	\$ 52,673		\$ 52,673
Investments	8,782,418		8,782,418
Receivables	3,752,500		3,752,500
Due from other funds	417,082		417,082
Prepaid insurance	78,490		78,490
Capital assets:			
Not depreciable	-	\$ 764,030	764,030
Depreciable, net of accumulated depreciation	-	8,273,414	8,273,414
Total assets	\$ 13,083,163	9,037,444	22,120,607
Liabilities			
Accounts payable and accrued expenditures	\$ 269,850	-	269,850
Non-current liabilities	-	15,901	15,901
Total liabilities	269,850	15,901	285,751
Fund Balances/Net Assets			
Fund balances:			
Reserved:			
Prepaid insurance	78,490	(78,490)	-
Unreserved:			
Designated for future construction	3,719,833	(3,719,833)	-
Designated for future technology	1,000,000	(1,000,000)	-
Undesignated	8,014,990	(8,014,990)	-
Total fund balances	12,813,313	(12,813,313)	-
Total liabilities and fund balances	\$ 13,083,163		
Net assets:			
Invested in capital assets		9,037,444	9,037,444
Unrestricted		12,797,412	12,797,412
Total net assets		\$ 21,834,856	\$ 21,834,856

See notes to financial statements.

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

Lafourche Parish Library

December 31, 2009

Fund Balance - Governmental Funds **\$ 12,813,313**

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	\$ 13,032,577	
Less accumulated depreciation	<u>(3,995,133)</u>	9,037,444

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>(15,901)</u>
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Net Assets of Governmental Activities **\$ 21,834,856**

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, 2009

	General Fund	Adjustments (Exhibit D)	Statement of Activities
Revenues			
Taxes	\$ 4,052,781		\$ 4,052,781
Intergovernmental:			
State of Louisiana:			
State revenue sharing	108,461		108,461
Federal:			
FEMA revenue	23,816		23,816
Charges for services	14,077		14,077
Fines and forfeitures	11,164		11,164
Grants	33,292		33,292
Miscellaneous:			
Interest	30,653		30,653
Other	63,832	\$ 7,085	70,917
Total revenues	4,338,076	7,085	4,345,161
Expenditures/Expenses			
Current:			
Culture and recreation:			
Personal services	1,726,875	4,362	1,731,237
Supplies and materials	117,116	-	117,116
Other services and charges	483,900	176,815	660,715
Repairs and maintenance	168,875	(80,352)	88,523
Depreciation	-	668,055	668,055
Total culture and recreation	2,496,766	768,880	3,265,646
Capital outlay	1,933,475	(1,933,475)	-
Total expenditures/expenses	4,430,241	(1,164,595)	3,265,646
Excess (Deficiency) of Revenues over Expenditures	(92,165)	1,171,680	1,079,515
Other Financial Sources (Uses)			
Operating transfers out	(147,539)	-	(147,539)
Insurance reimbursement	80,352	(80,352)	-
Total other financing sources (uses)	(67,187)	(80,352)	(147,539)
Net Change in Fund Balance	(159,352)	159,352	-
Change in Net Assets	-	931,976	931,976
Fund Balance/Net Assets			
Beginning of year, restated	12,972,665	7,930,215	20,902,880
End of year	\$ 12,813,313	\$ 9,021,543	\$ 21,834,856

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, 2009

Net Change in Fund Balance - Governmental Funds		\$ (159,352)
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	\$ 1,933,475	
Depreciation expense	<u>(668,055)</u>	
Excess of capital outlay over depreciation expense		1,265,420
The net effect of various miscellaneous transactions involving capital assets, such as sales, trade-ins and donations, is to increase net assets.		
		(149,326)
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	(20,404)	
Compensated absences	<u>(4,362)</u>	<u>(24,766)</u>
Change in Net Assets of Governmental Activities		<u>\$ 931,976</u>

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 3,376,864	\$ 3,376,864	\$ 4,052,781	\$ 675,917
Intergovernmental:				
State of Louisiana:				
State revenue sharing	104,280	108,646	108,461	(185)
Federal:				
FEMA revenue	-	-	23,816	23,816
Charges for services	9,000	9,000	14,077	5,077
Fines and forfeitures	6,850	6,850	11,164	4,314
Grants	7,000	7,000	33,292	26,292
Miscellaneous:				
Interest	140,000	140,000	30,653	(109,347)
Other	8,500	9,000	63,832	54,832
Total revenues	<u>3,652,494</u>	<u>3,657,360</u>	<u>4,338,076</u>	<u>680,716</u>
Expenditures				
Current:				
Culture and recreation:				
Personal services	1,859,000	1,859,000	1,726,875	132,125
Supplies and materials	143,000	193,000	117,116	75,884
Other services and charges	567,500	504,600	483,900	20,700
Repairs and maintenance	101,500	141,500	168,875	(27,375)
Total culture and recreation	<u>2,671,000</u>	<u>2,698,100</u>	<u>2,496,766</u>	<u>201,334</u>
Capital Outlay	<u>2,072,500</u>	<u>2,068,500</u>	<u>1,933,475</u>	<u>135,025</u>
Total expenditures	<u>4,743,500</u>	<u>4,766,600</u>	<u>4,430,241</u>	<u>336,359</u>
Excess (Deficit) of Revenues over Expenditures	(1,091,006)	(1,109,240)	(92,165)	1,017,075
Other Sources				
Transfers out	-	-	(147,539)	(147,539)
Insurance reimbursement	-	-	80,352	80,352
Net Change in Fund Balance	(1,091,006)	(1,109,240)	(159,352)	949,888
Fund Balance				
Beginning of year	<u>11,872,076</u>	<u>12,972,665</u>	<u>12,972,665</u>	-
End of year	<u>\$ 10,781,070</u>	<u>\$ 11,863,425</u>	<u>\$ 12,813,313</u>	<u>\$ 949,888</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Lafourche Parish Library

December 31, 2009

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 Council of the Parish of Lafourche (the Council), the parish governing authority, under the provisions of Louisiana Revised Statute 25:211. The Library provides citizens of Lafourche Parish access to library materials, books, magazines, computers, video, and audio media.

The Library is a component unit of the Council for which 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 serve without pay.

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) Restatement

During 2009, the Council, through resolution passed in 2008, acquired custody of cash, investments and all other, assets and liabilities maintained and operated by the Board. At this time, the Council began performing accounting and investing functions previously performed by the Library Board of Control. Fund balance and net assets of the Council's Library Commission Fund at December 31, 2008 have been restated as a result of merger of the Board's governmental activities and General Fund with the Council's governmental activities and special revenue fund, the Library Commission Fund.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Restatement (continued)

Furthermore, ad valorem taxes and the related state revenue sharing previously recognized as revenue by the Board in the period for which levied, are recognized by the Council in the year the taxes are due and payable, in accordance with the Council's existing revenue recognition accounting policies. Taxes are due and payable December 31 with interest being charged on payments after January 1.

Also, in accordance with the Council's accounting policies, the Library accounts for payments to vendors that reflect costs applicable to future periods as prepaid items in the Fund Financial Statements and Government-Wide Financial Statements.

Fund balance and net assets of the Library Commission Fund were restated as follows:

	<u>Fund Balance</u>	<u>Adjustments</u>	<u>Net Assets</u>
Beginning of year	\$ 600,565	\$ -	\$ 600,565
Change in reporting entity			
Lafourche Parish Library			
Board of Control	<u>12,372,100</u>	<u>7,930,215</u>	<u>20,302,315</u>
Beginning of year, restated	<u>\$ 12,972,665</u>	<u>\$ 7,930,215</u>	<u>\$ 20,902,880</u>

c) Basis of Presentation

The Library's financial statements consist of the government-wide statements on all activities of the Library and the governmental fund financial statements.

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.

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Basis of Presentation (continued)

Fund Financial Statements:

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.

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 in 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**d) Measurement Focus and Basis of Accounting (continued)**

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 levied, thus the 2009 property taxes will be recognized as revenue in 2009 to the extent of collections within 60 days of year end. 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.

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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Operating Budgetary Data (continued)

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

Investments during the year consisted of 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 are expensed as incurred.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Capital Assets (continued)

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

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 10 to 15 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Vacation and Sick Leave (continued)

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 material accumulated sick leave at December 31, 2009.

l) 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, 2009, 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, 2009 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.

The three categories, and their general meanings are as follows:

- a. Reserved fund balance – indicates that portion of fund equity that is not available for appropriation or that has been legally segregated for specific purposes.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) Fund Equity (continued)

- b. Unreserved/Designated fund balance – indicates that portion of fund equity for which the Library has made tentative plans that are subject to change.
- c. Unreserved/Designated fund balance – indicates that portion of fund equity that is available for appropriation and expenditure in future periods, of if a deficit, for which future funding will be required.

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.

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.

The year end balances of deposits are as follows:

	<u>Bank Balances</u>	<u>Reported Amount</u>
Cash	<u>\$ 52,753</u>	<u>\$ 52,673</u>

Custodial credit risk is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. The Library has a written policy for custodial credit risk. As of December 31, 2009, the Library's bank balance of \$52,753 was exposed to custodial credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Library's name.

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

As mentioned previously, all funds are held and invested by the Council who has proper pledging to cover funds for the Library. At December 31, 2009, cash and money market deposits were adequately collateralized in accordance with state law by securities held by unaffiliated banks for the account of the Library and the Council, respectively. The Government Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the deposits are considered subject to custodial credit risk under the provisions of GASB Statement No. 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Investments:

State statutes authorize the Library to invest in 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.

At December 31, 2009, the Library had the following investments and maturities:

	Fair Value	Investment Maturities (in Years)	
		Less Than 1	1-5
Government Obligation Money Market Fund	\$ 3,861,946	\$ 3,861,946	\$ -
Louisiana Asset Management Pool (LAMP)	4,920,472	4,920,472	-
Totals	<u>\$ 8,782,418</u>	<u>\$ 8,782,418</u>	<u>\$ -</u>

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Library's investment policy requires the application of the prudent-person rule. The policy states, investments shall be made with the judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. Primary emphasis shall be placed upon the safety of principal secondly to maintain liquidity to meet operating requirements and finally to obtain the most favorable rate of return. The Library's investment policy limits investments to those discussed earlier in this note. LAMP has a Standard & Poor's Rating of AAAM.

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in external investment pools are not exposed to custodial credit risk because of their natural diversification and the diversification required by the Securities and Exchange Commission.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity period of an investment, the greater the sensitivity of its fair value to changes in market interest rate. The Library's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The investments held by the Library's mature in 12 months or less.

LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. 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. 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. 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. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participants' shares, investments are valued at amortized cost. The fair value of participants' position is the same as the value of the pool shares. LAMP is designed to be highly liquid to give it participant's immediate access to their account balances.

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

Note 3 - PROPERTY TAXES (Continued)

last reevaluation was completed for the list of January 1, 2008. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 2009 was \$6.24 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, 2009 recognized as revenue in 2009 to the extent of collections within 60 days of year end.

Note 4 - ACCOUNTS RECEIVABLE

Amounts receivable at December 31, 2009 consisted of the following:

State of Louisiana - State revenue sharing	\$ 36,024
State of Louisiana - FEMA	981
Lafourche Parish Tax Collector - December 2009 ad valorem tax collections remitted to the Library in January and February, 2010	<u>3,715,495</u>
Total	<u><u>\$ 3,752,500</u></u>

Note 5 - CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2009 was as follows:

	Balance January 1, 2009	Additions	Deletions	Balance December 31, 2009
Capital assets not being depreciated				
Land	\$ 664,030	\$ -	\$ -	\$ 664,030
Construction in progress	771,278	1,088,852	(1,760,130)	100,000
Total capital assets not being depreciated	<u>1,435,308</u>	<u>1,088,852</u>	<u>(1,760,130)</u>	<u>764,030</u>
Capital assets being depreciated:				
Buildings and improvements	5,786,209	1,652,442	-	7,438,651
Furniture and equipment	1,528,626	348,219	(11,550)	1,865,295
Vehicles	123,370	20,359	-	143,729
Library collection	2,762,794	434,407	(376,329)	2,820,872
Total capital assets being depreciated	<u>10,200,999</u>	<u>2,455,427</u>	<u>(387,879)</u>	<u>12,268,547</u>
Less accumulated depreciation for:				
Buildings and improvements	(350,217)	(165,609)	-	(515,826)
Furniture and equipment	(1,084,879)	(183,230)	11,550	(1,256,559)
Vehicles	(68,119)	(18,362)	-	(86,481)
Library collection	(2,211,742)	(300,854)	376,329	(2,136,267)
Total accumulated depreciation	<u>(3,714,957)</u>	<u>(668,055)</u>	<u>387,879</u>	<u>(3,995,133)</u>
Total capital assets, net	<u>\$ 7,921,350</u>	<u>\$ 2,876,224</u>	<u>\$ (1,760,130)</u>	<u>\$ 9,037,444</u>

Note 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENDITURES

Accounts payable and accrued expenditures at December 31, 2009 consisted of the following:

Accrued salaries and wages	\$ 94,773
Vendors	107,892
Retainage on construction contracts substantially complete	66,430
Payroll taxes and withholdings	755
	<u>755</u>
	<u>\$ 269,850</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, 2009:

Non-current liabilities, December 31, 2008	\$11,539
Net increase in unpaid vacation	<u>4,362</u>
Non-current liabilities, December 31, 2009	<u>\$15,901</u>

Note 8 - 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. The Library maintains its own commercial policies for general liability coverage and surety bonds, and the Library participates in policies maintained by the Council for property, workman's compensation, and auto coverages. During 2009, the Library paid the Council \$169,233 for its portion of insurance premiums and claim deductibles. No settlements were made during the year that exceeded the Library's insurance coverage.

Note 9 - COMPENSATION OF BOARD MEMBERS

No compensation was paid to Board Members during the year ended December 31, 2009.

Note 10- CONTINGENCIES

The Library is involved in litigation arising in the ordinary course of its operations. The Library believes that its ultimate liability, if any, in connection with these matters will not have a material effect on the Library's financial condition or results of operations.

Note 11 - SUBSEQUENT EVENT

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through March 20, 2010, which is the date the financial statements were available to be issued.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS



Bourgeois Bennett

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

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

We have audited the financial statements of the governmental activities and the General Fund of the Lafourche Parish Library (the Library), a component unit of the Council of the Parish of Lafourche, as of and for the year ended December 31, 2009, which collectively comprise the Library's financial statements and have issued our report thereon dated March 20, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Library's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Board of Commissioners, management, the Legislative Auditor for the State of Louisiana and others within the entity 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,
March 20, 2010.

SCHEDULE OF FINDINGS AND RESPONSES

Lafourche Parish Library

For the year ended December 31, 2009

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
- Significant deficiency(ies) 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 expend federal awards in excess of \$500,000 during the year ended December 31, 2009 and therefore is exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Section II Financial Statement Findings

No financial statement findings were noted during the audit for the year ended December 31, 2009.

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Lafourche Parish Library

For the year ended December 31, 2009

Section I Internal Control and Compliance Material to the Financial Statements

Internal Control and Compliance

08-01 **Recommendation** - When items are purchased under state and contracts, the applicable and state contract number, item description and price should be included in the purchase file 08-02 (ie: vendor invoice files).

Management's Response – The applicable contract number, item description and price will be maintained in the Library's vendor files as purchases using state contract prices are made. Resolved.

Section II Internal Control and Compliance Material to Federal Awards

Lafourche Parish Library did not expend federal awards during the year ended December 31, 2008.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2008.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Lafourche Parish Library

For the year ended December 31, 2009

Section I Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended December 31, 2009.

No significant deficiencies were reported during the audit for the year ended December 31, 2009.

Compliance

No compliance findings material to the basic financial statements were noted during the audit for the year ended December 31, 2009.

Section II Internal Control and Compliance Material to Federal Awards

Lafourche Parish Library did not expend federal awards in excess of \$500,000 during the year ended December 31, 2009 and therefore is exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2009.