

***Financial Report***  
***Lafourche Parish Library***  
***Thibodaux, Louisiana***  
***For the year ended December 31, 2005***

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 5-31-06

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December 31, 2005

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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), state of Louisiana, a component unit of the Lafourche Parish Council, as of and for the year ended December 31, 2005, 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 Lafourche Parish Library as of December 31, 2005, and the changes in financial position 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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In accordance with Government Auditing Standards, we have also issued our report dated February 13, 2006 on our consideration of the Lafourche Parish Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

Thibodaux, Louisiana,  
February 13, 2006.

## **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, 2005. 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**

The Library's assets exceeded its liabilities at the close of fiscal year 2005 by \$12,601,762 (net assets), which represents a 18.90% increase from last fiscal year.

The Library's revenue increased \$183,925 (or 4.58%) primarily due to an increase in investment income resulting from increases in investment balances and the rates of return.

The Library did not have a deficit fund balance at December 31, 2005.

### **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 period.

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

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Library has one governmental fund.

### **Governmental Funds**

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

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

### **Notes to the Financial Statements**

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the Library's financial position. As of December 31, 2005, assets exceeded liabilities by \$12,601,762.

Investments represent 59.04% of total assets and are comprised of Federal National Mortgage Association (FNMA), Federal Home Loan Bank Bonds (FHLB), U.S. Treasury Notes, Government Obligation Money Markey Fund and Louisiana Asset Management Program. Receivables for ad valorem taxes and state revenue sharing relating to taxes assessed in November 2005 total \$3,697,380 or 22.08% of total assets. A portion of the Library's net assets (21.82%) reflects its investment in capital assets (buildings; furniture and equipment; vehicles and the library collection). Consequently, the capital assets are not available for future spending.

### **Condensed Statements of Net Assets**

	December 31,		Dollar Change
	2005	2004	
Current and other assets	\$ 13,993,502	\$ 13,200,797	\$ 792,705
Capital assets	2,750,801	1,279,168	1,471,633
Total assets	<u>16,744,303</u>	<u>14,479,965</u>	<u>2,264,338</u>
Other liabilities	<u>4,142,541</u>	<u>3,880,949</u>	<u>261,592</u>
Net Assets:			
Invested in capital assets, net of related debt	2,750,801	1,279,168	1,471,633
Unrestricted	9,850,961	9,319,848	531,113
Total net assets	<u>\$ 12,601,762</u>	<u>\$ 10,599,016</u>	<u>\$ 2,002,746</u>

### **Governmental Activities**

Governmental activities increased the Library's net assets by \$2,002,746. Key elements of this increase are on the next page:

## Condensed Changes in Net Assets

	December 31,		Dollar Change	Total Percent Change
	2005	2004		
<b>Revenues:</b>				
Program revenues:				
Charges for services	\$ 11,974	\$ 10,598	\$ 1,376	12.98%
Fines and forfeitures	9,154	8,577	577	6.73%
Grants	29,295	59,552	(30,257)	-50.81%
General revenues:				
Property taxes	3,730,232	3,717,760	12,472	0.34%
Intergovernmental	103,334	103,167	167	0.16%
Miscellaneous	319,151	119,561	199,590	166.94%
Total revenues	<u>4,203,140</u>	<u>4,019,215</u>	<u>183,925</u>	4.58%
<b>Expenses:</b>				
General government	221,632	172,466	49,166	28.51%
Culture and recreation	1,978,762	1,733,633	245,129	14.14%
Total expenses	<u>2,200,394</u>	<u>1,906,099</u>	<u>294,295</u>	15.44%
Increase in net assets	2,002,746	2,113,116	(110,370)	-5.22%
Net assets beginning of year	10,599,016	8,485,900	2,113,116	24.90%
Net assets end of year	<u>\$ 12,601,762</u>	<u>\$ 10,599,016</u>	<u>\$ 2,002,746</u>	18.90%

The Statement of Activities provided answers to the nature and source of changes in net assets. The Library's tax revenues were consistent with the prior year and increased slightly by .34%. There was a notable increase in miscellaneous revenue due to the increase of investment earnings resulting from increased investment balance and more 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 \$9,702,610 an increase of \$435,495 in comparison with the prior year and is available for spending at the Library's discretion. The key factor of this increase was largely due to an increase in investment earnings.

**General Fund Budgetary Highlights**

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

Revenues

- State Library grants were received.
- Increase of investment earnings due to an increase of balances and rates of return.

Expenditures

- Other services and charges were increased by \$76,900 due to an increase in professional services rendered for the development of the new branches.
- Capital expenditures decreased by \$4,206,000 due to less than planned activity on branch construction and renovation projects.

For the year ended December 31, 2005, revenues and expenditures exceeded budgetary estimates.

**CAPITAL ASSETS**

**Capital Assets**

The Library's investment in capital assets for its governmental activities as of December 31, 2005, amounts to \$2,750,801 (net of accumulated depreciation). This investment in capital assets includes buildings and improvements, furniture and equipment; vehicles, and the Library book collection (see table below).

	<u>2005</u>	<u>2004</u>
Buildings and improvements	\$ 766,805	\$ 625,534
Furniture and equipment	924,922	852,697
Vehicles	82,982	82,982
Library collections	2,354,024	2,215,242
Construction in Progress	<u>1,442,023</u>	<u>104,679</u>
Totals	<u>\$ 5,570,756</u>	<u>\$ 3,881,134</u>

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

- Construction in progress consists of construction and renovation costs of \$1,337,344 associated with the branches.
- Library collection purchases totaling \$223,028.
- Furniture and Equipment purchases for various branches totaling \$79,267.
- Purchase of new Golden Meadow branch building \$75,929.
- Purchase of new Gheens branch building \$65,342.

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 2005 assessment, which the Library will receive, for the most part, in January 2006.
- Salaries and benefits are based on the number of employees needed to perform necessary services and the related benefits.
- Estimate of operating supplies needed to perform necessary services.
- Detail plan of equipment and furniture and technology maintenance needed to be purchased to set up new buildings if approved by the Council.
- Completion of building construction and 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 Directors of the Lafourche Parish Library, 303 West Fifth Street, Thibodaux, LA 70301.

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

**Lafourche Parish Library**

December 31, 2005

	General Fund	Adjustments (Exhibit B)	Statement of Net Assets
<b>Assets</b>			
Cash	\$ 256,263	\$ -	\$ 256,263
Investments	9,886,036	-	9,886,036
Receivables - taxes	842,686	-	842,686
Due from other governmental units	2,854,694	-	2,854,694
Accrued interest revenue	-	138,174	138,174
Prepaid insurance	-	15,649	15,649
<b>Capital Assets:</b>			
Depreciable, net of accumulated depreciation	-	2,750,801	2,750,801
<b>Total assets</b>	<b>\$ 13,839,679</b>	<b>2,904,624</b>	<b>16,744,303</b>
<b>Liabilities</b>			
Accounts payable and accrued expenditures	\$ 473,553	-	473,553
Deferred revenue	3,663,516	-	3,663,516
Non-current liabilities	-	5,472	5,472
<b>Total liabilities</b>	<b>4,137,069</b>	<b>5,472</b>	<b>4,142,541</b>
<b>Fund Balances/Net Assets</b>			
Fund balances:			
Unreserved:			
Designated for future construction	5,000,000	(5,000,000)	-
Designated for future technology	1,000,000	(1,000,000)	-
Undesignated	3,702,610	(3,702,610)	-
<b>Total fund balances</b>	<b>9,702,610</b>	<b>(9,702,610)</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 13,839,679</b>		
<b>Net assets:</b>			
Invested in capital assets		2,750,801	2,750,801
Unrestricted		9,850,961	9,850,961
<b>Total net assets</b>		<b>\$ 12,601,762</b>	<b>\$ 12,601,762</b>

See notes to financial statements.

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

**Lafourche Parish Library**

December 31, 2005

**Fund Balances - Governmental Fund** \$ 9,702,610

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	\$ 5,570,756	
Less accumulated depreciation	<u>(2,819,955)</u>	2,750,801

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

Accrued interest revenue	138,174	
Prepaid insurance	<u>15,649</u>	153,823

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>(5,472)</u>
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**Net Assets of Governmental Activities** **\$ 12,601,762**

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

**Lafourche Parish Library**

For the year ended December 31, 2005

	<u>General Fund</u>	<u>Adjustments (Exhibit D)</u>	<u>Statement of Activities</u>
<b>Revenues</b>			
Taxes	\$ 3,730,232	\$ -	\$ 3,730,232
Intergovernmental:			
State of Louisiana:			
State revenue sharing	103,334		103,334
Charges for services	11,974	-	11,974
Fines and forfeitures	9,154	-	9,154
Grants	29,295	-	29,295
Miscellaneous:			
Interest	229,777	94,284	324,061
Net decrease in fair value of investments	(14,567)		(14,567)
Other	9,657	-	9,657
Total revenues	<u>4,108,856</u>	<u>94,284</u>	<u>4,203,140</u>
<b>Expenditures/Expenses</b>			
Current:			
General government:			
Ad valorem tax adjustment	103,246	-	103,246
Ad valorem tax deductions	118,386	-	118,386
Total general government	<u>221,632</u>	<u>-</u>	<u>221,632</u>
Culture and recreation:			
Personal services	1,147,126	(286)	1,146,840
Supplies and materials	118,140	-	118,140
Other services and charges	314,377	(1,048)	313,329
Repairs and maintenance	91,176	-	91,176
Depreciation	-	309,277	309,277
Total culture and recreation	<u>1,670,819</u>	<u>307,943</u>	<u>1,978,762</u>
Capital outlay	1,780,910	(1,780,910)	-
Total expenditures/expenses	<u>3,673,361</u>	<u>(1,472,967)</u>	<u>2,200,394</u>
<b>Excess of Revenues over Expenditures</b>	435,495	(435,495)	-
<b>Change in Net Assets</b>	-	2,002,746	2,002,746
<b>Fund Balance/Net Assets</b>			
Beginning of year	9,267,115	1,331,901	10,599,016
End of year	<u>\$ 9,702,610</u>	<u>\$ 2,899,152</u>	<u>\$ 12,601,762</u>

See notes to financial statements.

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

**Lafourche Parish Library**

For the year ended December 31, 2005

**Net Change in Fund Balance - Governmental Fund** **\$ 435,495**

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	\$ 1,780,910	
Depreciation expense	<u>(309,277)</u>	
Excess of capital outlay over depreciation expense		1,471,633

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

Interest revenue		94,284
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Some expenditures reported in the governmental funds require the use of current financial resources and are not reported as expenses in the statement of activities.

Prepaid insurance	1,048	
Compensated absences	<u>286</u>	<u>1,334</u>

**Change in Net Assets of Governmental Activities** **\$ 2,002,746**

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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 3,771,000	\$ 3,771,000	\$ 3,730,232	\$ (40,768)
Intergovernmental:				
State of Louisiana:				
State revenue sharing	103,000	104,000	103,334	(666)
Charges for services	9,000	9,000	11,974	2,974
Fines and forfeitures	5,100	6,900	9,154	2,254
Grants	-	9,000	29,295	20,295
Miscellaneous:				
Interest	60,000	85,000	229,777	144,777
Net decrease in fair value of investments	(15,000)	32,000	(14,567)	(46,567)
Other	4,000	6,500	9,657	3,157
Total revenues	<u>3,937,100</u>	<u>4,023,400</u>	<u>4,108,856</u>	<u>85,456</u>
<b>Expenditures</b>				
Current:				
General government:				
Ad valorem tax adjustment	103,000	103,000	103,246	(246)
Ad valorem tax deductions	118,000	118,000	118,386	(386)
Total general government	<u>221,000</u>	<u>221,000</u>	<u>221,632</u>	<u>(632)</u>
Culture and recreation:				
Personal services	1,321,700	1,335,640	1,147,126	188,514
Supplies and materials	95,000	89,000	118,140	(29,140)
Other services and charges	425,800	503,900	314,377	189,523
Repairs and maintenance	58,200	100,500	91,176	9,324
Total culture and recreation	<u>1,900,700</u>	<u>2,029,040</u>	<u>1,670,819</u>	<u>358,221</u>
Capital Outlay	5,259,500	1,059,500	1,780,910	(721,410)
Total expenditures	<u>7,381,200</u>	<u>3,309,540</u>	<u>3,673,361</u>	<u>(363,821)</u>
Excess (Deficit) of Revenues over Expenditures	\$ <u>(3,444,100)</u>	\$ <u>713,860</u>	\$ <u>435,495</u>	\$ <u>(278,365)</u>

See notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS****Lafourche Parish Library**

December 31, 2005

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**a) Reporting Entity**

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

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

The Library has reviewed all of its activities and determined that there are no potential component units which should be included in its financial statements.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**b) 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 (individual major funds).

**Government-wide Financial Statements:**

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities for all activities of the Library. The government-wide presentation focuses primarily on the sustainability of the Library as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues.

**Fund Financial Statements:**

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

**General Fund** - The General Fund is the general operating fund of the Library. It is used to account for all financial resources except those that are required to be accounted for in another fund. The General Fund is always a major fund.

**c) Measurement Focus and Basis of Accounting**

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

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**c) Measurement Focus and Basis of Accounting (Continued)**

Government-wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied.

Fund Financial Statements:

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

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the Library considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Ad valorem taxes and the related state revenue sharing (Intergovernmental revenue) are recognized as revenue in the period for which levied, thus the 2005 property taxes which are being levied to finance the 2006 budget will be recognized as revenue in 2006. The 2005 tax levy is recorded as deferred revenue in the Library's 2005 financial statements. Charges for services are recorded when earned since they are measurable and available. Fines, forfeitures and miscellaneous revenues are recorded as revenues when received in cash by the Library because they are generally not measurable until actually received. Grant revenues are recognized at the time the Library is entitled to the funds.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Allocations of cost such as depreciation are not recognized in the governmental funds.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**d) 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.

**e) Operating Budgetary Data**

As required by the Lafourche Parish Council, the Board adopted a budget for the Library's General Fund. The required budgetary practices include public notice of the proposed budget, public inspection of the proposed budget and a public hearing on the budget prior to adoption. Any amendment involving the transfer of monies from one function to another or increase in expenditures must be approved by the Board. The Library amended its budget once during the year. All budgeted amounts which are not expended, or obligated through contracts, lapse at year-end.

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

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

**f) Accounts Receivable**

The financial statements for the Library contain no allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes and other receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operation of the General Fund.

**g) Investments**

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Investments (Continued)

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

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

h) Capital Assets

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

Government-wide Financial Statements:

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets, except the library collection, purchased or acquired with an original cost of \$500 or more are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their *estimated fair value at the date of donation*. The library collection is valued at historical cost. Library collection items disposed of are accounted for at 100% of the average cost of the item. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred.

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

Buildings and improvements	20 - 40 years
Furniture and equipment	5 - 10 years
Vehicles	5 years
Library Collection	4 - 5 years

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**h) Capital Assets (Continued)**

Fund Financial Statements:

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

**i) 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.

**j) Vacation and Sick Leave**

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

Full-time employees earn 12 days sick leave each year. Employees can accumulate up to a maximum of 30 days sick leave. Upon resignation or retirement, all accrued sick leave lapses. There is no accumulated sick leave at December 31, 2005.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**k) 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, 2005, 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, 2005 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.

**l) New Accounting Pronouncement**

The Board adopted GASB Statement No. 40, Deposit and Investment Risks Disclosures, an amendment of GASB Statement No. 3. Statement No. 40 addresses disclosure of common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk, such disclosures are included in Note 2. Adoption of Statement No. 40 does not affect the Board’s financial position, results of operation or cash flows.

**Note 2 - DEPOSITS AND INVESTMENTS**

The Library adopted Governmental Accounting Standards Board Statement No. 40, Deposit and Investment Risk Disclosures, in the current year.

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	\$ 368,393	\$ 256,263	
Certificates of Deposit	<u>4,940,000</u>	<u>4,940,000</u>	
Totals	<u>\$ 5,308,393</u>	<u>\$ 5,196,263</u>	

**Note 2 - DEPOSITS AND INVESTMENTS (Continued)**

Custodial credit risk is the risk that in the event of a bank failure, the Library's deposit may not be returned to it. The Library has a written policy for custodial credit risk. As of December 31, 2005, \$3,068,393 of the Library's bank balance of \$5,308,393 was exposed to custodial credit risk.

At December 31, 2005, cash and certificates of deposits were adequately collateralized in accordance with state law by securities held by unaffiliated banks for the account of the Library. The Governmental 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 pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on 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.

**Note 2 - DEPOSITS AND INVESTMENTS (Continued)**

At December 31, 2005, the Library had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less Than 1	1-5
U.S. Treasury Notes	\$ 204,861	\$ 50,760	\$ 154,101
Federal National Mortgage Association Note	1,971,880	1,971,880	-
Federal Home Loan Bank Consolidated Bonds	1,814,523	1,079,988	734,535
Federated Government obligation Money Market Fund	97,926	97,926	-
Louisiana Asset Management Pool (LAMP)	856,846	856,846	-
Totals	<u>\$ 4,946,036</u>	<u>\$ 4,057,400</u>	<u>\$ 888,636</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.

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.

**Note 2 - DEPOSITS AND INVESTMENTS (Continued)**

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. Investments in LAMP at December 31, 2005 amounted to \$856,846 and are classified on the Statement of Net Assets as "Investments".

A reconciliation of deposits and investments are shown on the Statement of Net Assets is as follows:

Reported amount of deposits	\$	5,196,263
Reported amount of investments		<u>4,946,036</u>
Total		<u><u>\$ 10,142,299</u></u>
Classified as:		
Cash	\$	256,263
Investments		<u>9,886,036</u>
Total		<u><u>\$ 10,142,299</u></u>

**Note 3 -PROPERTY TAXES**

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

last reevaluation was completed for the list of January 1, 2004. 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, 2005 was \$8.55 per \$1,000 of assessed valuation on parishwide property for the purpose of maintaining and operating library facilities and programs. As indicated in Note 1c, taxes levied November 1, 2005 and the related state revenue sharing are for budgeted expenditures in 2006 and will be recognized as revenue in 2006

**Note 4 - DUE FROM OTHER GOVERNMENTAL UNITS**

Amounts due from other governmental units at December 31, 2005 consisted of the following:

State of Louisiana - State revenue sharing	\$ 104,225
Lafourche Parish Tax Collector - December, 2004 collections remitted to the Library in January, 2005	
Ad valorem taxes	<u>2,750,468</u>
Total	<u>\$ 2,854,693</u>

**Note 5 - CHANGES IN CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2005 was as follows:

	Balance January 1, 2005	Additions	Deletions	Balance December 31, 2005
Capital assets not being depreciated	\$	\$	\$	\$
Construction in Progress	104,679	1,337,344	-	1,442,023
Total capital assets not being depreciated	<u>104,679</u>	<u>1,337,344</u>	<u>-</u>	<u>1,442,023</u>
Capital assets being depreciated:				
Buildings and improvements	625,534	141,271	-	766,805
Furniture and equipment	852,697	79,267	(7,042)	924,922
Vehicles	82,982	-	-	82,982
Library collection	2,215,242	223,028	(84,246)	2,354,024
Total capital assets being depreciated	<u>3,776,455</u>	<u>443,566</u>	<u>(91,288)</u>	<u>4,128,733</u>
Less accumulated depreciation for:				
Buildings and improvements	(19,865)	(18,079)	-	(37,944)
Furniture and equipment	(716,778)	(66,153)	7,042	(775,889)
Vehicles	(55,949)	(6,743)	-	(62,692)
Library collection	(1,809,374)	(218,302)	84,246	(1,943,430)
Total accumulated depreciation	<u>(2,601,966)</u>	<u>(309,277)</u>	<u>91,288</u>	<u>(2,819,955)</u>
Total capital assets, net	<u>\$ 1,279,168</u>	<u>\$ 1,471,633</u>	<u>\$ -</u>	<u>\$ 2,750,801</u>

**Note 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENDITURES**

Accounts payable and accrued expenditures at December 31, 2005 consisted of the following:

Accrued salaries and wages	\$ 15,989
Vendors	331,823
Protest taxes	121,578
Payroll taxes and withholdings	<u>4,163</u>
<b>Total</b>	<b><u>\$473,553</u></b>

**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, 2005:

Non-current liabilities, December 31, 2004	\$5,758
Net decrease in unpaid vacation	<u>(286)</u>
Non-current liabilities, December 31, 2005	<u>\$5,472</u>

**Note 8 - LEASE COMMITMENT**

The Library leases buildings for five of its branches under month-to-month operating leases. Rental expense incurred under these leases for the year ended December 31, 2005 was \$56,785.

**Note 9 - RISK MANAGEMENT**

The Library is exposed to various risks of loss related to workers compensation; torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Library carries commercial insurance. No settlements were made during the year that exceeded the Library's insurance coverage.

**Note 10- COMPENSATION OF BOARD MEMBERS**

No compensation was paid to Board Members during the year ended December 31, 2005.

**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 Lafourche Parish Council, as of and for the year ended December 31, 2005, and have issued our report thereon dated February 13, 2006. 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 in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Library in a separate letter dated February 13, 2006.

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

*Bougeois Bennett, L.L.C.*

Certified Public Accountants.

Thibodaux, Louisiana,  
February 13, 2006.



**REPORTS BY MANAGEMENT**

**SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES**

**Lafourche Parish Library**

For the year ended December 31, 2005

**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, 2004.  
No reportable conditions were reported during the audit for the year ended December 31, 2004.

Compliance

No compliance findings material to the financial statements were noted during the audit for the year ended December 31, 2004.

**Section II Internal Control and Compliance Material to Federal Awards**

Lafourche Parish Library did not receive federal awards during the year ended December 31, 2004.

**Section III Management Letter**

A management letter was not issued in connection with the audit for the year ended December 31, 2004.

# MANAGEMENT'S CORRECTIVE ACTION PLAN

## **Lafourche Parish Library**

For the year ended December 31, 2005

### **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, 2005.  
No reportable conditions were reported during the audit for the year ended December 31, 2005.

#### **Internal Control**

No compliance findings material to the financial statements were noted during the audit for the year ended December 31, 2005.

### **Section II Internal Control and Compliance Material to Federal Awards**

Lafourche Parish Library did not receive federal awards during the year ended December 31, 2005.

### **Section III Management Letter**

**05-1 Recommendation** – We recommend that the Library comply with State budget laws by amending its budget to ensure actual revenues and other sources are not less budgeted than budgeted revenues and other sources by five percent or more and actual expenditures and other uses are not greater than budgeted expenditures and other uses by five percent or more.

**Management's Corrective Action** – As per your recommendation, the Library will comply with the State budget laws by amending its budget to ensure actual revenues and other sources are not less than budgeted revenues and other sources by five percent or more and actual expenditures and other uses are not greater than budgeted expenditures and other uses by five percent or more.



Bourgeois Bennett

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

We have audited the basic financial statements of Lafourche Parish Library (the Library), as of and for the year ended December 31, 2005, and have issued our report thereon dated February 13, 2006. 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. In planning and performing our audit, we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on internal control.

However, during our audit we became aware of one matter, which represents an immaterial noncompliance with certain provisions of laws, regulations, contracts and grants. The memorandum that accompanies this letter summarizes our suggestions and recommendations regarding this matter. We previously reported on the District's compliance in our report dated February 13, 2006. This letter does not affect our report dated February 13, 2006 on the basic financial statements of the District.

We will review the status of this comment during our next audit engagement. We have already discussed the comments and recommendations with the District, and we will be pleased to discuss it in further detail at your convenience, to perform an additional study of the matters or to assist you in implementing the recommendation.

Sincerely,

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

Thibodaux, Louisiana,  
February 13, 2006.

## MANAGEMENT COMMENTS

### Lafourche Parish Library

For the year ended December 31, 2005

05 - 1 **Condition** – Louisiana Revised Statutes requires the chief executive or administrative officer to advise the governing authority or independently elected official when actual revenues are less than budgeted revenues by five percent or more and actual expenditures exceed budgeted expenditures by five percent or more.

**Recommendation** - We recommend that the Library comply with State budget laws by amending its budget to ensure actual revenues and other sources are not less than budgeted revenues and other sources by five percent or more and actual expenditures and other uses are not greater than budgeted expenditures and other uses by five percent or more.