

TANGIPAHOA PARISH LIBRARY
TANGIPAHOA PARISH COUNCIL

FINANCIAL REPORT

December 31, 1998

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**TANGIPAHOA PARISH LIBRARY
TANGIPAHOA PARISH COUNCIL
Amite, Louisiana**

Component Unit Financial Statements
As of and for the Year Ended December 31, 1998

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INDEPENDENT AUDITOR'S REPORT

To the Board of Control
Tangipahoa Parish Library
Amite, Louisiana 70422

We have audited the accompanying component unit financial statements of the Tangipahoa Parish Library, Louisiana, as of and for the year ended December 31, 1998, as listed in the table of contents. These component unit financial statements are the responsibility of the Tangipahoa Parish Library, Louisiana's, management. Our responsibility is to express an opinion on these component unit financial statements based on our audit.

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

Governmental Accounting Standards Board (GASB) Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, as amended by GASB Technical Bulletin 99-1, requires disclosure of certain matters regarding the year 2000 issue. The Tangipahoa Parish Library, Louisiana, has included such disclosures in Note 12. Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support the Tangipahoa Parish Library's disclosures with respect to the year 2000 issue made in Note 12. Further, we do not provide assurance that the Tangipahoa Parish Library, is or will be successful in whole or in part, or that parties with which the Tangipahoa Parish Library, does business will be year 2000 ready.

In our opinion, the component unit financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Tangipahoa Parish Library, Louisiana, as of December 31, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated June 3, 1999 on our consideration of the Tangipahoa Parish Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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A Professional Accounting Corporation

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Our audit was conducted for the purpose of forming an opinion on the component unit financial statements taken as a whole. The schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the component unit financial statements of the Tangipahoa Parish Library, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the component unit financial statements and, in our opinion, is fairly presented in all material respects in relation to the component unit financial statements taken as a whole.

Bruce Harrell & Co.

Bruce Harrell and Company, CPA's
A Professional Accounting Corporation

Kentwood, Louisiana
June 3, 1999

TANGIPAHOA PARISH LIBRARY
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Statement A

Balance Sheet
ALL FUND TYPES AND ACCOUNT GROUPS
December 31, 1998

	Governmental Fund Type	Account Group	Total (Memorandum Only)
	General Fund	General Fixed Assets	
ASSETS			
Cash and cash equivalents	\$ 4,413	\$ -	\$ 4,413
Investments	526,169	-	526,169
Receivable	976,775	-	976,775
Due from other governments	25,000	-	25,000
Due from others	28	-	28
Land	-	18,750	18,750
Buildings	-	361,631	361,631
Vehicles	-	119,051	119,051
Furniture and equipment	-	394,236	394,236
Books and periodicals	-	2,495,161	2,495,161
Office improvements	-	56,919	56,919
	<u>\$ 1,532,385</u>	<u>\$ 3,445,748</u>	<u>\$ 4,978,133</u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	\$ 70,326	\$ -	\$ 70,326
Accrued salaries/leave	13,454	-	13,454
Deductions from ad valorem tax	36,872	-	36,872
Due to other governments	200,000	-	200,000
	<u>320,652</u>	<u>-</u>	<u>320,652</u>
Fund equity:			
Investment in general fixed assets	-	3,445,748	3,445,748
Fund balance - unreserved - undesignated	1,201,664	-	1,201,664
Fund balance - reserved for capital additions	10,069	-	10,069
	<u>1,211,733</u>	<u>3,445,748</u>	<u>4,657,481</u>
Total fund equity	<u>1,211,733</u>	<u>3,445,748</u>	<u>4,657,481</u>
Total liabilities and fund equity	<u>\$ 1,532,385</u>	<u>\$ 3,445,748</u>	<u>\$ 4,978,133</u>

The accompanying notes are an integral part of this statement.

**TANGIPAHOA PARISH LIBRARY
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Statement B

**Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund Type - General Fund
For the Year Ended December 31, 1998**

REVENUES

Ad valorem taxes	\$ 959,472
State revenue sharing	153,486
Revenue sharing payback	172,220
Grant revenues	186,925
Fines and fees	32,106
Interest earnings	52,948
Donations	15,067
Miscellaneous	721
	1,572,945
Total revenues	1,572,945

EXPENDITURES

Personnel services	605,008
Operating services	93,020
Communications	38,567
Rentals	79,773
Maintenance	30,934
Professional services	32,411
Insurance	17,280
Materials and supplies	29,916
Travel	7,829
Capital outlay	812,331
	1,747,069
Total expenditures	1,747,069

EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(174,124)
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FUND BALANCE AT BEGINNING OF YEAR	1,385,857
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FUND BALANCE AT END OF YEAR	\$ 1,211,733
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The accompanying notes are an integral part of this statement.

**TANGIPAHOA PARISH LIBRARY
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Statement C

**Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual
Governmental Fund Type - General Fund
For the Year Ended December 31, 1998**

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Ad valorem taxes	\$ 900,980	\$ 959,472	\$ 58,492
State revenue sharing	165,000	153,486	(11,514)
Revenue sharing payback	172,200	172,220	20
Grant revenues	162,425	186,925	24,500
Fines and fees	25,035	32,106	7,071
Interest earnings	57,726	52,948	(4,778)
Donations	14,900	15,067	167
Miscellaneous	720	721	1
	<u>1,498,986</u>	<u>1,572,945</u>	<u>73,959</u>
EXPENDITURES			
Personnel services	615,800	605,008	10,792
Operating services	86,440	93,020	(6,580)
Communications	45,210	38,567	6,643
Rentals	78,680	79,773	(1,093)
Maintenance	22,700	30,934	(8,234)
Professional services	31,000	32,411	(1,411)
Insurance	19,000	17,280	1,720
Materials and supplies	38,000	29,916	8,084
Travel	7,000	7,829	(829)
Capital outlay	607,947	812,331	(204,384)
	<u>1,551,777</u>	<u>1,747,069</u>	<u>(195,292)</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(52,791)	(174,124)	(121,333)
FUND BALANCE AT BEGINNING OF YEAR	<u>1,385,857</u>	<u>1,385,857</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 1,333,066</u>	<u>\$ 1,211,733</u>	<u>\$ (121,333)</u>

The accompanying notes are an integral part of this statement.

**TANGIPAHOA PARISH LIBRARY
TANGIPAHOA PARISH COUNCIL
Amite, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 1998**

INTRODUCTION

The Tangipahoa Parish Library was established by the governing authority under the provisions of Louisiana Statute (LSA-RS) 25:211. The Library provides citizens of the parish access to library materials, books, magazines, records, and films. The Library is governed by a Board of Control of seven members, which are appointed by the Parish Council in accordance with the provisions of LSA RS 25:214. One member of the Parish Council serves as an ex-officio member of the Board. The members of the Board of Control serve without pay. Primary financing is provided by ad valorem taxes and interest earned on time deposits.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

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

B. REPORTING ENTITY

The library does not possess all the corporate powers necessary to make it a legally separate entity and the Tangipahoa Parish Council holds the library's corporate powers. For this reason, the library is a component unit of the Tangipahoa Parish Council, the financial reporting entity.

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

C. FUND ACCOUNTING

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

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

Funds of the library are classified as governmental funds. The Governmental funds account for the library's *general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt.* The only fund of the library is the general fund.

**TANGIPAHOA PARISH LIBRARY
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**NOTES TO THE FINANCIAL STATEMENTS
(Continued)**

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund is accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by the governmental fund. The governmental fund uses the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes and the related state revenue sharing (which is based on population and homesteads in the parish) are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year.

Interest income represents amounts earned on checking accounts and investments in LAMP. Interest earned on checking accounts and LAMP are recorded when received.

Substantially all other revenues are recorded when received.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (and any other financing source/use) are accounted for as other financing sources (uses). The library has no operating transfers, since it has only one fund.

E. BUDGET PRACTICES

The proposed budget for 1998 was made available for public inspection on November 11, 1997. The proposed budget, prepared on the modified accrual basis of accounting, was published in the official journal prior to the public hearing, which was held at the Tangipahoa Parish Council's office on November 26, 1997, for comments from taxpayers. The budget is legally adopted and amended, as necessary, by the board of control.

All expenditure appropriations lapse at year end. Inexpedient appropriations and any excess of revenues over expenditures are carried forward to the subsequent year as beginning fund balance.

**TANGIPAHOA PARISH LIBRARY
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**NOTES TO THE FINANCIAL STATEMENTS
(Continued)**

F. ENCUMBRANCES

Encumbrance accounting is not used. However, formal integration of the budget into the accounting records is employed as a management control device. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

G. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the library may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

H. INVESTMENTS

Investments are limited by Louisiana Revised Statutes (R.S.) 33:2955 and the Tangipahoa Parish Library's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments of the Tangipahoa Parish Library are maintained in the Louisiana Asset Management Pool, Inc. (LAMP). LAMP is a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of Louisiana, and operates as a local government investment pool. LAMP invests its assets only in securities and other obligations that are permissible under Louisiana State law for local governments. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or otherwise backed by the U.S. Treasury, the U.S. Government or one of its agencies, enterprises, or instrumentalities.

GASB Statement No. 31 requires the following disclosures:

1. The methods and significant assumptions used to estimate the fair value of investments, if that fair value is based on other than quoted market prices.
2. The policy for determining which investments, if any, are reported at amortized cost.
3. For any investments in external investment pools that not SEC-registered, a brief description of any regulatory oversight for the pool and whether the fair value of the position in the pool is the same as the value of the pool shares.
4. Any involuntary participation in an external investment pool.
5. If any entity cannot obtain information from a pool sponsor to allow it to determine the fair value of its investment in the pool, the methods used and significant assumptions made in determining that fair value and the reasons for having had to make such an estimate.
6. Any income from investments associated with one fund that is assigned to another fund.

GASB Statement No. 31 requires the Tangipahoa Parish Library to report investments at fair value in the balance sheet, except as follows:

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**NOTES TO THE FINANCIAL STATEMENTS
(Continued)**

1. Investments in nonparticipating interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, should be reported using a cost-based measure, provided that the fair value of those contracts is not significantly affected by the impairment of the credit standing of the issuer or other factors.
2. The library may report at amortized cost, money market investments and participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or other factors. Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations. Interest-earning investment contracts include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

GASB Statement No. 31, also requires that the library recognize all investment income, including changes in the fair value of investments, as revenue in the operating statement.

I. FIXED ASSETS

Fixed assets are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Public domain or infrastructures are not capitalized. Interest costs incurred during construction are capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated cost if historical cost is not available.

J. COMPENSATED ABSENCES

The library has the following policy relating to vacation and sick leave:

Permanent employees of the Tangipahoa Parish Library earn from 9 to 20 days of vacation leave each year, depending on their length of service and job classification. Annual leave may be accumulated up to 1-1/2 times the total annual leave, but only 1/2 of total annual leave may be carried over from one year to another, with minor exceptions. Upon separation, employees are paid at their current rate of pay for accrued leave up to a maximum of 3 weeks. Employees earn 13 days of sick leave each year. Sick leave may be accumulated up to 300 hours, but upon separation, any accumulated sick leave is forfeited.

K. FUND EQUITY

Reserves

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

**TANGIPAHOA PARISH LIBRARY
TANGIPAHOA PARISH COUNCIL
Amite, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS
(Continued)**

Designated Fund Balances

Designated fund balances represent tentative plans for future use of financial resources.

L. TOTAL COLUMNS ON STATEMENTS

The total columns on the statements are captioned Memorandum Only to indicate that they are only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

2. LEVIED TAXES

The following is a summary of authorized and levied ad valorem taxes:

	Authorized Millage	Levied Millage	Expiration Date of Millage
General Fund	3.08	3.08	10/01/08
General Fund	2.81	2.81	10/01/04

3. CASH AND CASH EQUIVALENTS

At December 31, 1998, the library has cash and cash equivalents totaling \$4,413, as follows:

Interest-bearing demand deposit	\$ 4,413
Time deposit	-
	\$ 4,413

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 1998, the library has \$21,098 in deposits (collected bank balances). Deposits are secured from risk by federal deposit insurance.

**TANGIPAHOA PARISH LIBRARY
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**NOTES TO THE FINANCIAL STATEMENTS
(Continued)**

4. INVESTMENTS

Investments held by the library at December 31, 1998, are as follows:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Total Carrying Amount</u>
External Investment Pool	\$ 527,226	\$ 526,169

The investments of the library are included within the Louisiana Asset Management Pool, Inc. (LAMP). Fair value of the LAMP funds are calculated based on the reported net asset value and fair value reported for the LAMP fund for participating governments in Louisiana as of December 31, 1998.

LAMP is a local government investment pool (see Summary of Significant Accounting Policies). In accordance with GASB Codification, the investment in LAMP at December 31, 1998, is not categorized in the three risk categories provided by GASB codification because the investment is in the pool of funds and therefor not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. The Corporation is governed by a board of directors comprising the State Treasurer, representatives from various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPAs. Only governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of funds in short-term, highly liquid 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. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

Since the difference per type governmental funds is immaterial, total carrying amounts included within the financial statements of the library are not adjusted to reflect fair value of the LAMP investment.

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**NOTES TO THE FINANCIAL STATEMENTS
(Continued)**

5. RECEIVABLES

The following is a summary of receivables at December 31, 1998:

Class of Receivable	General Fund
Ad Valorem taxes	\$ 874,451
Intergovernmental: State Revenue Sharing	102,324
Total	\$ 976,775

6. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance January 1, 1998	Additions	Deletions	Balance December 31, 1998
Land	\$ 18,750	-	-	\$ 18,750
Buildings	361,631	-	-	361,631
Vehicles	119,051	-	-	119,051
Equipment & furniture	301,320	92,916	-	394,236
Books & periodicals	1,811,975	683,186	-	2,495,161
Office Improvements	56,919	-	-	56,919
Total	\$ 2,669,646	\$ 776,102	\$ -	\$3,445,748

7. PENSION PLAN

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

All permanent employees working at least 28 hours per week who are paid wholly or in part from library funds and all elected parish officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 per cent of their final-average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only prior to January 1, 1980, the benefit is equal to one per cent of final average salary plus \$24 for each year of supplemental-plan-only service earned prior to January 1, 1980, plus 3 per cent of final-average salary for each year of service credited after the revision date. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages

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**NOTES TO THE FINANCIAL STATEMENTS
(Continued)**

specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

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

Funding Policy. Under Plan A, Members are required by statute to contribute 9.5 percent of their annual covered salary and the library is required to contribute at an actuarially determined rate. The current rate is 7.75 percent of annual covered payroll. Contributions to the System also include one-fourth of one per cent of the taxes shown to be collectible by the tax rolls of each parish (except Orleans and East Baton Rouge Parishes). These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Tangipahoa Parish Library are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation of the prior fiscal year. The Tangipahoa Parish Library's contributions to the System under Plan A for the year ending December 31, 1998, 1997, and 1996 were \$29,584, \$28,612, and \$25,831, respectively, equal to the required contribution for each year.

8. COMPENSATED ABSENCES

At December 31, 1998, employees of the library have accumulated and vested \$13,454 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. All of this amount, \$13,454 is recorded as an obligation of the General Fund.

9. LEASES

The library has operating leases of the following nature:

A building for the operation of the library headquarters and Amite branch under an operating lease which expires on September 1, 1999.

A building for the operation of the Clark Library branch under a month by month lease which has a 2 month notice requirement before it expires.

A building for the operation of the Independence Library branch under a month by month lease which has a 2 month notice requirement before it expires.

A building for the operation of the Loranger Library branch under a month by month lease which has a 2 month notice requirement before it expires.

A building for the operation of the Hammond Library branch under an operating lease which expired on February, 1997. The library has not renewed a lease on this building, since it is in the process of trying to acquire the building. However, the library is paying the same rental fee each month until it determines whether it can purchase the building or not.

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**NOTES TO THE FINANCIAL STATEMENTS
(Continued)**

The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of December 31, 1998:

Fiscal Year	Buildings and Office
1998	\$ 17,600
1999	-
2000	-
2001	-
2002	-
Total	\$ 17,600

10. LITIGATION AND CLAIMS

At December 31, 1998, the library is not in litigation or aware of any claims.

11. JUDGEMENT RECEIVABLE

In prior years, the Tangipahoa Parish Council maintained the records of the Library, which is a component unit of the Council. The Library is eligible to receive state revenue sharing funds; however, the Council had withheld payment of state revenue sharing funds from them based on Louisiana Attorney General Opinion No. 85-592. The state revenue sharing funds provided by Act 900 of 1985 and Act 1064 of 1986 were withheld from the Library and used by the Council to pay mandated expenditures of the parish.

On January 11, 1988, the Friends of the Ponchatoula Branch Library, Incorporated, on behalf of the Tangipahoa Parish Library, filed a lawsuit against the Tangipahoa Parish Council. The lawsuit sought payment from the Council of all state revenue sharing monies provided by Act 900 of 1985 and Act 1064 of 1986 withheld from the Tangipahoa Parish Library. On April 14, 1988, a declaratory judgment was rendered in favor of the Plaintiffs. The judgment ordered that the Library was entitled to payment from the Council as follows:

Due for 1985	Due for 1986	Total
\$ 176,958	\$ 176,262	\$ 353,220

On March 8, 1993, the Tangipahoa Parish Council agreed to make quarterly payments of \$9,050 (36.2% of \$25,000) for the next five years, beginning April, 1993, if funds are available. If more funds are available during any of these years, the Parish Council reserves the right to pay at a higher figure at their discretion. At the end of 10 years, this pay back plan shall be paid in full and judgement against the Tangipahoa Parish Council will be fulfilled and canceled at that time.

**TANGIPAHOA PARISH LIBRARY
TANGIPAHOA PARISH COUNCIL
Amite, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS
(Continued)**

During the year 1998, the library's board wanted to purchase the Rosenblum building. Since the library doesn't have the authority to do this, the board voted to transfer \$200,000 to the Tangipahoa Parish Council, forgive the Tangipahoa Parish Council of the remaining Revenue Sharing debt of \$154,120 and agreed to pay a monthly rental for 10 years that would pay off the loan the Tangipahoa Parish Council would take out to purchase the building.

As of December 31, 1998, the Tangipahoa Parish Council has repaid all prior year Revenue Sharing.

12. YEAR 2000 ISSUE

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the library's operations as early as fiscal year 1999.

The library has performed a preliminary inventory of computer systems and other electronic equipment that may be affected by the year 2000 issue, and has taken significant action to achieve year 2000 compliance. This action consists of installation of the required year 2000 patch for the Windows NT operating system, and verification of the year 2000 compliance for the recently installed software. However, the library may be affected by software and computer systems of other agencies from which the library receives funds.

Because of the unprecedented nature of the year 2000 issue, its effect and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the library will be year 2000 ready, the library's remediation efforts will be successful in whole or in part, or that parties with whom the library does business will be year 2000 ready.

**TANGIPAHOA PARISH LIBRARY
TANGIPAHOA PARISH COUNCIL
Amite, Louisiana**

Schedule 1

**SCHEDULE OF EXPENDITURES -
BUDGET (GAAP BASIS) AND ACTUAL -
GENERAL FUND
For the Year Ended December 31, 1998**

EXPENDITURES	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Personnel Services:			
Regular Salaries & Wages	\$ 485,800	\$ 487,565	\$ (1,765)
Retirement Contributions	36,000	29,584	6,416
Life/Health Insurance	70,000	67,149	2,851
Worker's Compensation	5,000	3,015	1,985
Medicare & FICA Tax	11,000	13,322	(2,322)
Unemployment	3,978	3,978	-
Contract Labor	1,522	-	1,522
Continuing Education	2,500	395	2,105
Total Personnel Services	<u>615,800</u>	<u>605,008</u>	<u>10,792</u>
Operating Services:			
Membership Dues	2,000	2,871	(871)
Printing & Publications	940	941	(1)
Binding	4,000	566	3,434
Uniforms	6,000	7,139	(1,139)
Utilities	40,000	44,631	(4,631)
Deducted from Ad valorem Tax	33,500	36,872	(3,372)
Total Operating Services	<u>86,440</u>	<u>93,020</u>	<u>(6,580)</u>
Communications:			
Postage & Box Rent	4,500	4,066	434
Telephone	40,000	33,799	6,201
On/Line Services	710	702	8
Total Communications	<u>45,210</u>	<u>38,567</u>	<u>6,643</u>
Rentals:			
Building	77,680	78,715	(1,035)
Equipment	1,000	543	457
Other	-	515	(515)
Total Rentals	<u>78,680</u>	<u>79,773</u>	<u>(1,093)</u>

Continued on the following page.

The accompanying notes are an integral part of this statement.

**TANGIPAHOA PARISH LIBRARY
TANGIPAHOA PARISH COUNCIL
Amite, Louisiana**

Schedule 1

**SCHEDULE OF EXPENDITURES -
BUDGET (GAAP BASIS) AND ACTUAL -
GENERAL FUND**

(Continued)

For the Year Ended December 31, 1998

	Budget	Actual	Variance- Favorable (Unfavorable)
Maintenance:			
Grounds	\$ 10,000	\$ 2,767	\$ 7,233
Buildings	-	16,144	(16,144)
Motor Vehicles	6,000	6,817	(817)
Equipment	6,000	4,630	1,370
Other	700	576	124
Total Maintenance	22,700	30,934	(8,234)
Professional Services:			
Accounting	17,500	17,400	100
Automation	1,430	2,763	(1,333)
Entertainers	521	699	(178)
Grant	8,106	8,106	-
Other	3,443	3,443	-
Total Professional Services	31,000	32,411	(1,411)
Insurance	19,000	17,280	1,720
Materials & Supplies:			
Library	38,000	27,804	10,196
Grant	-	2,112	(2,112)
Total Materials & Supplies	38,000	29,916	8,084
Travel	7,000	7,829	(829)

Continued on the following page.

The accompanying notes are an integral part of this statement.

TANGIPAHOA PARISH LIBRARY
TANGIPAHOA PARISH COUNCIL
Amite, Louisiana

Schedule 1

SCHEDULE OF EXPENDITURES -
BUDGET (GAAP BASIS) AND ACTUAL -
GENERAL FUND

(Continued)

For the Year Ended December 31, 1998

	Budget	Actual	Variance- Favorable (Unfavorable)
Capital Outlays:			
Building	\$ 2,500	\$ 5,788	\$ (3,288)
Leaschold Improvements	8,408	8,408	-
Machinery & Equipment	7,633	8,900	(1,267)
Automated & On/Line Service	3,719	62,606	(58,887)
Furniture & Fixtures	7,705	10,867	(3,162)
Grant	53,628	183,395	(129,767)
Major Repairs	1,969	1,969	-
Books	130,000	129,072	928
Periodicals	26,364	27,699	(1,335)
Audio, Visual & Electronic	10,000	18,808	(8,808)
Other	356,021	354,819	1,202
Total Capital Outlays	607,947	812,331	(204,384)
Total Expenditures	\$ 1,551,777	\$ 1,747,069	\$ (\$195,292)

(Concluded)

The accompanying notes are an integral part of this statement.

**TANGIPAHOA PARISH LIBRARY
TANGIPAHOA PARISH COUNCIL
Amite, Louisiana**

Schedule 2

**Summary Schedule of Prior Year Audit Findings
For the Year Ended December 31, 1998**

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

No Section I Findings

Section II - Management Letter

Reference Number 97-1:

Finding Incurred

December, 1997

Description of Finding

At December 31, 1997, the Tangipahoa Parish Library's fixed asset system did not provide an adequate audit trail to easily reconcile fixed asset additions and deletions to changes as reported in the general ledger. The fixed asset system was not able to track fixed assets by different location.

Corrective Action Taken

Yes

**TANGIPAHOA PARISH LIBRARY
TANGIPAHOA PARISH COUNCIL
Amite, Louisiana**

Schedule 3

**Corrective Action Plan for
Current Year Audit Findings
For the Year Ended December 31, 1998**

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

Reference Number: 98-1

Description of Finding:

It was noted within Footnote 12 of the *Notes to the Financial Statements*, that the Tangipahoa Parish Library had inventoried computer systems and other electronic equipment that may be affected by the year 2000 issue. It was also noted that management of the Tangipahoa Parish Library cannot assure that parties with which the Tangipahoa Parish Library does business will be year 2000 ready.

Corrective Action Planned:

The Tangipahoa Parish Library will maintain contact with the agency processing their accounting data, to insure that systems and programs are year 2000 compliant.

Name of Contact Person:

Pat Sledge
Amite, LA

Anticipated Completion Date:

We will check with agencies immediately and throughout the remainder of the year to determine year 2000 compliance for systems and programs that process financial and management data of the Tangipahoa Parish Library.

Reference Number: 98-2

Description of Finding:

It was noted that the Tangipahoa Parish Library's expenditures exceeded the 5% budget variance as stated by state statute.

Corrective Action Planned:

The Tangipahoa Parish Library over spent their budget in grant expenditures. These funds were awarded near the end of the fiscal year, and the expenditures were made after receiving the funds. Management of the Tangipahoa Parish Library had already remitted their final amended budget to the Tangipahoa Parish Council, and there was not enough time to schedule another budget hearing. The Tangipahoa Parish Library will closely monitor the budget variances in the future.

**TANGIPAHOA PARISH LIBRARY
TANGIPAHOA PARISH COUNCIL
Amite, Louisiana**

**Schedule 3
(Continued)**

**Corrective Action Plan for
Current Year Audit Findings
For the Year Ended December 31, 1998**

Name of Contact Person:

Pat Sledge
Amite, LA

Anticipated Completion Date:

Immediately

Section II - Management Letter

No Section II Findings.

Bruce C. Harrell, CPA
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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Control
Tangipahoa Parish Library
Amite, Louisiana

We have audited the financial statements of the Tangipahoa Parish Library, as of and for the year ended December 31, 1998, and have issued our report thereon dated June 3, 1999, which was qualified because insufficient audit evidence exists to support the Tangipahoa Parish Library, Louisiana's disclosure with respect to the year 2000 issue. Except as discussed in the preceding sentence, we have conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Tangipahoa Parish Library financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect in 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as item 98-1 and 98-2.


Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Tangipahoa Parish 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 assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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Page 2

This report is intended for the information of management, and the Louisiana Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.


Bruce Harrell and Company, CPA's
A Professional Accounting Corporation

June 3, 1999