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**TANGIPAOA PARISH LIBRARY**

(A Component Unit of the Tangipaoa Parish Council)

Amite, Louisiana

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**ANNUAL FINANCIAL STATEMENTS**

As of and for the year ended

December 31, 2003

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/25/04

TANGIPAHOA PARISH LIBRARY  
(A Component Unit of the Tangipahoa Parish Council)  
Amite, Louisiana

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ANNUAL FINANCIAL STATEMENTS

As of and for the Year Ended  
December 31, 2003

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities and each major fund of the Tangipahoa Parish Library, a component unit of the Tangipahoa Parish Council, Louisiana as of and for the year ended December 31, 2003, as listed in the table of contents. These financial statements are the responsibility of the Tangipahoa Parish 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 *Governmental 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 basic 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 respective financial position of the governmental activities and each major fund of the Tangipahoa Parish Library as of December 31, 2003, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2004 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit.

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

**BRUCE HARRELL & CO.**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
A Professional Accounting Corporation

To the Board of Control  
The Tangipahoa Parish Library

Page 2

The Management's Discussion and Analysis and the other Required Supplemental Information on pages 3 through 7 and page 24, respectively, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Tangipahoa Parish Library's basic financial statements. The supplementary information on pages 25 through 28 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Tangipahoa Parish Library. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Bruce Harrell & Company, CPAs  
A Professional Accounting Corporation

June 1, 2004

Tangipahoa Parish Library  
(A Component Unit of the Tangipahoa Parish Council)

MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the year ended December 31, 2003

**General Information**

The Tangipahoa Parish Library is a public library system established in 1944 for the purpose of making available to all citizens of the parish books, other library materials, and technology for education, information, and recreation. The library strives to maintain a program of service to locate information, guide reading, promote literacy, and provide the most effective use of library resources.

Management's Discussion and Analysis (MD&A) is a required element of the new reporting model adopted by the Government Accounting Standard's Board (GASB) in their Statement Number 34. Its purpose is to provide an overview of the financial activities of the Tangipahoa Parish Library based on currently known facts, decisions, or conditions.

**Financial Highlights**

Ad valorem taxes reflect an authorized and levied millage of 5.63. This 5.63 millage resulted in \$1,445,737 in ad valorem taxes for 2003.

Total revenue reflected is \$1,714,299 for 2003. This revenue includes parish ad valorem taxes, state revenue sharing, interest, grant funds, charges for laminating and photo copies, gifts, and fines.

Library expenditures for 2003 total \$1,431,140.

**Revenue**

The library's revenue consists of a parish-wide property tax of 5.63 mills, state revenue sharing, state aid to public libraries, interest earnings, gifts, and miscellaneous fees and forfeitures.

**Expenditures**

Expenditures include: library administration - personnel salaries and benefits, operating services - utilities, communications, maintenance of grounds, buildings, and equipment, insurance on facilities, grounds, and vehicles; materials and supplies - office, buildings, grounds, vehicle, and library supplies; travel - continuing education travel and expenses; capital outlay - vehicles, machinery and equipment, major repairs, and library materials; and intergovernmental expenditures - contributions to retirement systems.

*Library administration* expenditures increases were a result of a 4% raise given to all parish employees, and large increases in the cost of employee benefits, i.e. health insurance. *Capital Outlay* expenditures increases were a result of renovations to the Hammond Branch and a building addition to the existing Ponchatoula Branch. Both capital outlay projects required extensive remodeling, including new carpeting, furniture, shelving, and painting. A vehicle was also purchased to replace a 1991 van. Insurance increased drastically because of higher rates, increased liability, and new buildings.

Tangipahoa Parish Library  
(A Component Unit of the Tangipahoa Parish Council)

MANAGEMENT'S DISCUSSION AND ANALYSIS continued  
As of and for the year ended December 31, 2003

**Overview of Financial Statements**

This audit report consists of three parts: Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the library:

- Government-Wide Financial Statements
- Fund Financial Statements

**Government-Wide Financial Statements**

The annual financial report of the library includes two government-wide financial statements. These statements provide information about the library using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. The two government-wide financial statements are as follows:

**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 and 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 changed during the 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 of the related cash flows. The purpose of the Statement of Activities is to demonstrate the financial reliance of the governmental type activities or functions of the library on revenues provided by the taxpayers.

**Fund Financial Statements**

A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The library uses a single governmental type fund, the General Fund, to ensure and demonstrate compliance with finance-related laws and regulations. Governmental type 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.

The financial statements can be found on pages 8 to 13 of this report.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided within the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14 to 21 of this report.

Since this is the first year in which government-wide information is available, comparative data is not presented. However, comparative data will be accumulated and presented in the future.



Tangipahoa Parish Library  
(A Component Unit of the Tangipahoa Parish Council)

MANAGEMENT'S DISCUSSION AND ANALYSIS continued  
As of and for the year ended December 31, 2003

**Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the Library's net assets for the current fiscal year. For more detailed information, see the Statement of Net Assets on page 8 of this report.

**Summary of Net Assets**  
December 31, 2003

Current and Other Assets	\$2,229,599
Capital Assets, Net	<u>3,369,549</u>
Total Assets	<u>5,599,148</u>
Other Liabilities	<u>134,461</u>
Total Liabilities	<u>134,461</u>
Net Assets:	
Investment in Capital Assets	3,369,549
Unrestricted	<u>2,095,138</u>
Total Net Assets	<u>\$5,464,687</u>

The Tangipahoa Parish Library's assets at December 31, 2003 exceed liabilities by \$5,464,687 (net assets), with the Tangipahoa Parish Library reporting positive balances in both categories of net assets. Of the total net assets, \$2,095,138 are Unrestricted Net Assets. The balance of net assets includes a total of \$3,369,549 Invested in Capital Assets, consisting of the Library's net investment in library equipment and vehicles, books, and facilities improvements. The investment in Capital Assets matches the amount recorded for Capital Assets (net of depreciation) since the Library has not incurred, and applicable statutes prohibit the Tangipahoa Parish Library from incurring, long-term debt.

The largest components of the "Current and Other Assets" category are investments totaling \$694,847, consisting of funds deposited within the Louisiana Asset Management Pool, Inc. (LAMP), and receivables consisting of an ad valorem tax receivable of \$1,419,850 and a state revenue sharing receivable of \$102,116.

Other Liabilities, totaling \$134,461 consist primarily of accounts payable, payroll related liabilities, and deductions from property tax distributions for pension fund obligations.

**Summary of Changes in Net Assets**  
For year ended December 31, 2003

Revenues:	
Program	\$ 48,146
General	<u>1,665,741</u>
	1,713,887
Program Expenses	<u>1,372,297</u>
Change in Net Assets	341,590
Net Assets - Beginning	<u>5,123,097</u>
Net Assets - Ending	<u>\$5,464,687</u>

Tangipahoa Parish Library  
(A Component Unit of the Tangipahoa Parish Council)

MANAGEMENT'S DISCUSSION AND ANALYSIS continued  
As of and for the year ended December 31, 2003

The major component of Program Revenues, totaling \$48,146, consists of charges for fines, and fee charges at branch library locations. The major General Revenue sources are ad valorem taxes totaling \$1,445,737 and state revenue sharing totaling \$153,174.

Program Expenses in the above Summary of Changes in Net Assets are not detailed since the level of detail for presentation of expenses on a functional basis would be the same as presented in the Statement of Activities on page 9. The largest expense category of expenses was for personnel services, totaling \$710,390. Other significant categories include operating services at \$83,386, expenses for rentals and maintenance at \$73,830 and \$78,397 respectively, and expenses of \$133,692 for stolen, destroyed, and obsolete books.

### **Fund Financial Analysis**

As noted previously, the Library's sole governmental fund is used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The fund financial statements can be found on pages 10 to 13 of this report. Within the fund statements, the Library recorded an excess of revenues over expenditures of \$283,159, resulting in a fund balance of \$2,095,138 at December 31, 2003.

### **Capital Assets**

The investment in capital assets, net of accumulated depreciation as of December 31, 2003, was \$3,369,549. There was an overall increase in net capital assets of \$58,430. Major acquisitions were for a vehicle at \$18,273, library equipment totaling \$26,331, furniture and fixtures totaling \$25,639, and library improvements, primarily for the Hammond library, totaling \$53,229.

### **Budgetary Highlights**

The library demonstrated legal compliance by adopting its budget in accordance with provisions of the Local Government Budget Act. As required by state law, actual revenues and other sources were within 5% of budgeted revenues and other sources, and actual expenditures and other uses did not exceed budgeted expenditures and other uses by 5%.

For the general fund, actual revenues and other sources exceeded the original/final budgeted amounts by \$275,028. Actual expenditures and other uses were under the original/final budgeted amounts by \$154,809.

The library did not amend its budget for 2003.

### **Economic Factors and Next Year's Budget**

Of the 5.63 millage, 2.63 mills expire on October 1, 2004, and comes up for renewal which will effect the tax revenue for the calendar year 2005. The tax renewal election will be part of the November 2004 general primary election.

The library's 2004 budget will show an increase in Library Administration due to increases in employees' salaries, benefits (health insurance and retirement contributions), and additional staff. All other aspects of the budget should remain relatively the same.



Tangipahoa Parish Library  
(A Component Unit of the Tangipahoa Parish Council)

MANAGEMENT'S DISCUSSION AND ANALYSIS concluded  
As of and for the year ended December 31, 2003

### **Conclusion**

The library has continued its programming and services to the public, expanded its facilities, and maintains an adequate number of staff to support the library's program. Additional professional level librarians are desirable to facilitate the maximum use of the library and its services. Enthusiastic staff members continue to develop successful programs and two grants enable the library to provide entertainment and educational activities. Technology continues to be the library's biggest challenge: updating hardware and software, maintenance, service, and availability of an adequate number of computers.

The annual operations and maintenance budget enables the library to provide building and ground maintenance.

### **Contacting the Tangipahoa Parish Library's Administration**

This financial report is designed to provide a general overview of the Tangipahoa Parish Library's finances. Questions about this report or requests for additional information may be sent to Pat Sledge, Library Director, Tangipahoa Parish Library, 200 East Mulberry Street, Amite, LA 70422.

Tangipahoa Parish Library  
(A Component Unit of the Tangipahoa Parish Council)

STATEMENT OF NET ASSETS  
December 31, 2003

**ASSETS**

Cash and cash equivalents	\$ 8,681
Investments	694,847
Receivables	1,521,966
Due from other governments	4,105
Capital assets, net of accumulated depreciation	<u>3,369,549</u>
<b>Total Assets</b>	<u><b>5,599,148</b></u>

**LIABILITIES**

Accounts payable	41,798
Accrued salaries/leave	29,352
Deductions from ad valorem tax	58,087
Deferred revenue	<u>5,224</u>
<b>Total Liabilities</b>	<u><b>134,461</b></u>

**NET ASSETS**

Investment in Capital Assets	3,369,549
Unrestricted	<u>2,095,138</u>
<b>Net Assets</b>	<u><b>\$5,464,687</b></u>

The accompanying notes are an integral part of this statement.

Tangipahoa Parish Library  
(A Component Unit of the Tangipahoa Parish Council)

STATEMENT OF ACTIVITIES  
For the year ended December 31, 2003

**EXPENDITURES/EXPENSES**

Library services:	
Personnel services	\$ 710,390
Operating services	83,386
Communications	22,253
Rentals	73,830
Maintenance	78,397
Professional services	20,967
Insurance	45,245
Materials and supplies	49,527
Grant expenditures	20,413
Travel	4,671
Intergovernmental	58,087
Stolen, destroyed, or obsolete books	133,692
Depreciation	<u>71,439</u>
<b>Total Expenditures/Expenses</b>	<u><b>1,372,297</b></u>

**PROGRAM REVENUES**

Fees, fines, and other charges for services	48,558
(Loss) on sale of fixed assets	<u>(412)</u>
<b>Total Program Revenues</b>	<u><b>48,146</b></u>
<b>Net Program Expense</b>	<u><b>1,324,151</b></u>

**GENERAL REVENUE**

Ad valorem taxes	1,445,737
State revenue sharing	153,174
Grant revenues	39,927
Interest earnings	22,630
Miscellaneous	2,273
Donations	<u>2,000</u>
<b>Total General Revenues</b>	<u><b>1,665,741</b></u>

**Change in Net Assets** 341,590

**Net Assets**

Beginning of the year	<u>5,123,097</u>
End of the year	<u><b>\$5,464,687</b></u>

The accompanying notes are an integral part of this statement.

Tangipahoa Parish Library  
(A Component Unit of the Tangipahoa Parish Council)

BALANCE SHEET - GOVERNMENTAL FUND  
December 31, 2003

**ASSETS**

Cash and cash equivalents	\$ 8,681
Investments	694,847
Receivables	1,521,966
Due from other governments	<u>4,105</u>

**Total Assets** \$2,229,599

**LIABILITIES AND FUND EQUITY**

**Liabilities**

Accounts payable	\$ 41,798
Accrued salaries/leave	29,352
Deductions from ad valorem tax	58,087
Deferred revenue	<u>5,224</u>

**Total Liabilities** 134,461

**Fund Equity**

Fund balance - unreserved - undesignated	<u>2,095,138</u>
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**Total Fund Equity** 2,095,138

**Total Liabilities and Fund Equity** \$2,229,599

The accompanying notes are an integral part of this statement.

Tangipahoa Parish Library  
(A Component Unit of the Tangipahoa Parish Council)

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUND  
TO THE STATEMENT OF NET ASSETS  
December 31, 2003

Fund balance - governmental fund	\$2,095,138
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund.	
Governmental capital assets	3,907,341
Less Accumulated Depreciation	<u>(537,792)</u>
Net Assets of Governmental Activities	<u>\$5,464,687</u>

The accompanying notes are an integral part of this statement.

Tangipahoa Parish Library  
(A Component Unit of the Tangipahoa Parish Council)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUND TYPE - GENERAL FUND  
For the year ended December 31, 2003

<b>REVENUES</b>	
Ad valorem taxes	\$1,445,737
State revenue sharing	153,174
Grant revenues	39,927
Fines and fees	48,558
Interest earnings	22,630
Donations	2,000
Miscellaneous	<u>2,273</u>
<b>Total Revenues</b>	<u>1,714,299</u>
<b>EXPENDITURES</b>	
Personnel services	710,390
Operating services	83,386
Communications	22,253
Rentals	73,830
Maintenance	78,397
Professional services	20,967
Insurance	45,245
Materials and supplies	49,527
Grant expenditures	20,413
Travel	4,671
Intergovernmental expenditures	58,087
Capital outlay	<u>263,974</u>
<b>Total Expenditures</b>	<u>1,431,140</u>
<b>Excess of Revenues over Expenditures</b>	283,159
<b>Fund Balance at Beginning of Year</b>	<u>1,811,979</u>
<b>Fund Balance at End of Year</b>	<u>\$2,095,138</u>

The accompanying notes are an integral part of this statement.



Tangipahoa Parish Library  
(A Component Unit of the Tangipahoa Parish Council)

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND  
TO THE STATEMENT OF ACTIVITIES  
For the year ended December 31, 2003

**Amounts reported for governmental activities in the statement  
of activities are different because :**

Net change in fund balance - total governmental fund (page 12)	\$ 283,159
Governmental funds report capital outlay 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. This is the amount by which capital outlays exceeded depreciation in the current period.	192,535
The net effect of transactions involving capital assets (i.e., sales, trade ins, and contributions is to <u>decrease</u> net assets.	(412)
Some expenses reported in the statement of activities do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.	<u>(133,692)</u>
<b>Change in net assets of governmental activities (page 9)</b>	<b><u>\$ 341,590</u></b>

The accompanying notes are an integral part of this statement.

TANGIPAHOA PARISH LIBRARY  
(A Component Unit of the Tangipahoa Parish Council)  
Amite, Louisiana

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NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2003

**INTRODUCTION**

The Tangipahoa Parish Library (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 Tangipahoa Parish Council in accordance with the provisions of LSA RS 25:214. One member of the Tangipahoa 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 investments.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

The accompanying basic financial statements of the Tangipahoa Parish Library have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued in June 1999.

**B. REPORTING ENTITY**

The Library does not possess all the corporate powers necessary to make it a legally separate entity from the Tangipahoa Parish Council, which 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 financial reporting entity.

**C. FUND ACCOUNTING**

The Library uses one fund 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.

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 only fund of the Library is the general fund.

#### **D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING**

The accounting and financial reporting treatment applied to a fund is determined by the type of financial statement presentation.

The government-wide statements are reported using an economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of governmental-type and business-type activities are included in the Statement of Net Assets. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred in the Statement of Activities. In these statements, capital assets are reported and depreciated in each fund.

However, all governmental funds are reported using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements present increases and decreases in net current assets. Expenditures for capital assets are reported as current expenses, and such assets are not depreciated.

##### **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 is 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.

##### **Deferred Revenues**

Deferred revenues arise when resources are received by the library before it has a legal claim to them, as when grant monies are received before the incurrence of qualifying expenditures. In subsequent periods, when the library has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized.

### **Government-Wide Financial Statements (GWFS)**

The column labeled Statement of Net Assets and the column labeled Statement of Activities display information about the library as a whole. The statements include all the financial activities of the library. Information contained in these columns reflect the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Reporting for Nonexchange Transactions*.

Program revenues included on the column labeled Statement of Activities are derived directly from library users as a fee for services; program revenues reduce the cost of the function to be financed from the library's general revenues.

#### **E. BUDGETS**

The proposed budget for 2003 was made available for public inspection on December 9, 2002. 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 December 9, 2002, 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. Unexpired appropriations and any excess of revenues over expenditures are carried forward to the subsequent year as beginning fund balances.

#### **F. 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.

#### **G. INVESTMENTS**

Investments are limited by Louisiana Revised Statutes (R.S.) 33:2955 and the 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 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.

LAMP is an external investment pool that is not registered with the SEC as an investment company, but nevertheless operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, requires the reporting of investment positions in 2a7-like pools (such as LAMP) be based on the pool's share price.

**H. CAPITAL ASSETS**

Capital assets are capitalized at historic cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Library maintains a threshold level of \$500 or more for capitalizing vehicles, furniture, and equipment. A threshold level of \$25,000 or more is maintained for leasehold improvements.

Capital assets are recorded in the Statement of Net Assets and Statement of Activities. All capital assets, other than the library collection, are depreciated using the straight-line method over the following estimated useful life years:

<u>Asset Class</u>	<u>Years</u>
Equipment	3 - 10
Furniture and Fixtures	3 - 12
Motor Vehicles	5 - 10
Leasehold Improvements	Shorter of (1) remaining lease term, or (2) useful life of improvement.

The Library board has adopted the policy that the library "collection" will be reported on a composite basis by making adjustments to total value to reflect increases or decrease in total value.

**I. COMPENSATED ABSENCES**

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

Permanent employees of the 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.

**J. NET ASSETS/FUND BALANCES**

In the Statement of Net Assets, the difference between a government's assets and liabilities is recorded as net assets. The three components of net assets are as follows:

**Investment in Capital Assets**

This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes, or other borrowing attributable to the acquisition, construction, or improvement of capital assets.

**Restricted Net Assets**

Net assets that are restricted by external sources, such as banks or by law, are reported separately as restricted net assets. When assets are required to be retained in perpetuity, these non-expendable net assets are recorded separately from expendable net assets. These are components of restricted net assets. The Library has no restricted net assets.



**Unrestricted Net Assets**

This category represents net assets not appropriable for expenditures or legally segregated for a specific future use.

In the Balance Sheet of governmental funds, fund balances are segregated as follows:

**Reserved:** These resources are segregated because their use is earmarked for a specific use.

**Unreserved:** This category represents that portion of equity not appropriable for expenditures or legally segregated for a specific future use.

**K. ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**2. LEVIED TAXES**

The following is a summary of authorized and levied property taxes:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date of Millage</u>
General Fund	3.00	3.00	10/01/08
General Fund	2.63	2.63	10/01/04

**3. CASH AND CASH EQUIVALENTS**

At December 31, 2003, the Library has cash and cash equivalents totaling \$8,681 as follows:

Interest-bearing demand deposit	\$8,631
Cash on Hand	<u>50</u>
	<u>\$8,681</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2003, the Library has \$18,385 in deposits (collected bank balances). Deposits are secured from risk by federal deposit insurance.



**4. INVESTMENTS**

Investments are categorized into these three categories of credit risk:

- I. Insured or registered, or securities held by the Library or its agent in the Library's name
- II. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Library's name
- III. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Library's name.

All investments held by the Library fall into Category I credit risk, defined as "insured or registered, or securities held by the Library or its agent in the Library's name". In accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, all investments are carried at fair market value, with the estimated fair market value based on quoted market prices.

Investments held by the Library at December 31, 2003, are as follows:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Total Carrying Amount</u>
LAMP	\$694,847	\$694,847

In accordance with GASB Codification Section 150.165, the investment in LAMP at December 31, 2003, is not categorized in the three risk categories provided by GASB Codification Section 150.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. The corporation is governed by a board of directors comprising the State Treasurer, representatives from various organizations of local government, the Government Finance Office Association of Louisiana, and the Society of Louisiana CPA's. Only local 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 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. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

**5. RECEIVABLES**

The following is a summary of receivables at December 31, 2003:

<u>Class of Receivable</u>	<u>General Fund</u>
Ad valorem Taxes	\$1,419,850
State Revenue Sharing	102,116
Total	<u>\$1,521,966</u>

Tangipahoa Parish Library  
Notes to the Financial Statements - continued  
December 31, 2003

**6. CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended December 31, 2003, is as follows:

<u>Depreciable Assets:</u>	<u>Balance January 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2003</u>
Vehicles	\$ 140,609	\$ 18,273	\$ -	\$ 158,882
Equipment and Furniture	401,496	51,970	3,872	449,594
Leasehold Improvements	122,742	53,229	-	175,971
 <u>Non-Depreciable Assets</u>				
Library Collection	<u>3,114,721</u>	<u>141,865</u>	<u>133,692</u>	<u>3,122,894</u>
Total Cost	3,779,568	265,337	137,564	3,907,341
 Less accumulated depreciation:				
Vehicles	97,974	15,516	-	113,490
Equipment and Furniture	308,127	43,755	2,096	349,786
Leasehold Improvements	62,348	12,168	-	74,516
Total Accumulated Depreciation	<u>468,449</u>	<u>71,439</u>	<u>2,096</u>	<u>537,792</u>
 Governmental Activities				
Capital Assets, December 31, 2003	<u>\$ 3,311,119</u>	<u>\$193,898</u>	<u>\$135,468</u>	<u>\$3,369,549</u>

\* Equipment and furniture has been restated at January 1, 2003, to reflect a decrease of \$5,863 as a result of a retroactive change to the capitalization threshold for vehicles, furniture, and equipment.

**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 percent 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. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended 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 (225) 928-1361.

*Funding Policy.* Under Plan A, members are required by state 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 the 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, 2003, 2002, and 2001 were \$32,025, \$33,684 and \$31,329, respectively, equal to the required contribution for each year.

#### **8. COMPENSATED ABSENCES**

At December 31, 2003, employees of the Library have accumulated and vested \$14,846 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. All of this amount, \$14,846 is recorded as an obligation to the General Fund.

#### **9. LEASES**

At December 31, 2003, the Library has operating leases of the following nature:

Tangipahoa Parish Library rents a building for the operation of the Amite branch on a monthly basis for \$2,700 per month. Total rent expense was \$32,400.

The Tangipahoa Parish Library rents a building for the operation of the Hammond branch on a monthly basis for \$3,400 per month. Total rent expense was \$40,800.

The Library has no future minimum rental payments as of December 31, 2003.

#### **10. CO-OPERATIVE ENDEAVOR AGREEMENT**

The Tangipahoa Parish Library Board of Control entered into a Co-Operative agreement with the Tangipahoa Parish Council dated July 8, 2002. The parties will cooperate to construct an addition to the Ponchatoula Branch of the Tangipahoa Parish Library System and in connection therewith, will expend public tax funds of \$125,000 or more in actual construction costs, which amount will be supplemented by a donation of approximately \$125,000 by the Friends of the Ponchatoula Library but provided that of the \$125,000, more or less, donated by the Friends of the Ponchatoula Library, \$5,000 will be used and is hereby dedicated for furniture and furnishings within the Ponchatoula Branch of the Tangipahoa Parish Library.

#### **11. LITIGATION**

There is no outstanding litigation at December 31, 2003.

#### **12. SUBSEQUENT EVENTS**

Of the 5.63 millage for ad valorem taxes, 2.63 will expire on October 1, 2004. The tax renewal election has been scheduled as part of the November 2004 general primary election.

**REQUIRED SUPPLEMENTARY INFORMATION**

**(PART II)**

Tangipahoa Parish Library  
(A Component Unit of the Tangipahoa Parish Council)

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, 2003

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Ad valorem taxes	\$1,230,029	\$1,445,737	\$215,708
State revenue sharing	101,765	153,174	51,409
Grant revenues	38,977	39,927	950
Fines and fees	42,450	48,558	6,108
Interest earnings	25,000	22,630	(2,370)
Donations	1,000	2,000	1,000
Miscellaneous	50	2,273	2,223
<b>Total Revenues</b>	<u>1,439,271</u>	<u>1,714,299</u>	<u>275,028</u>
<b>Expenditures</b>			
Personnel services	746,372	710,390	35,982
Operating services	68,700	83,386	(14,686)
Communications	22,500	22,253	247
Rentals	76,000	73,830	2,170
Maintenance	81,400	78,397	3,003
Professional services	22,000	20,967	1,033
Insurance	38,000	45,245	(7,245)
Materials and supplies	40,000	49,527	(9,527)
Grant expenditures	38,977	20,413	18,564
Travel	5,000	4,671	329
Intergovernmental expenditures	40,000	58,087	(18,087)
Capital outlay	307,000	263,974	43,026
<b>Total Expenditures</b>	<u>1,485,949</u>	<u>1,431,140</u>	<u>54,809</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(46,678)</u>	<u>283,159</u>	<u>329,837</u>
<b>Other Financing Sources (Uses)</b>			
Co-Operative Endeavor Agreement	(100,000)	-	100,000
<b>Total Other Financing Sources (Uses)</b>	<u>(100,000)</u>	<u>-</u>	<u>100,000</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<u>(146,678)</u>	<u>283,159</u>	<u>429,837</u>
<b>Fund Balance at Beginning of Year</b>	<u>1,626,092</u>	<u>1,811,979</u>	<u>185,887</u>
<b>Fund Balance at End of Year</b>	<u>\$1,479,414</u>	<u>\$2,095,138</u>	<u>\$615,724</u>

**SUPPLEMENTARY FINANCIAL INFORMATION**



Tangipahoa Parish Library  
(A Component Unit of the Tangipahoa Parish Council )

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
For the Year Ended December 31, 2003

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

No Section I Findings.

Section II - Internal Control and Compliance Material to Federal Awards

Section II Not Applicable.

Section III - Management Letter

Reference Number: 99-2

Fiscal Year Finding Initially Occurred: Ending December 31, 1999

Description of Finding:

For prior fiscal years, we recommended that the Tangipahoa Parish Library:

1. Complete an inventory of all fixed assets, and input all fixed asset records into a fixed asset program to record and depreciate capital assets as required under the Government Accounting Standards board (GASB) Statement #34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.
2. Reconcile expenditures recorded in general ledger capital expenditure accounts to additions in the fixed asset database and to maintain documentation for deleted capital assets.

For the fiscal year ended December 31, 2003, the Library implemented a fixed asset management program and recorded depreciated capital assets in accordance with requirement of GASB Statement #34. However, during the current fiscal year the employee responsible for inventory of assets resigned. The Library is in the process of hiring an individual that will manage capital assets and re-inventory capital assets in accordance with requirements of LSA Revised Statutes 39:321-332.

Corrective Action Taken: Partial

Description of Partial Corrective Action Taken:

Corrective action is listed as partial since the Tangipahoa Parish Library must re-inventory all assets.

(Continued)

Tangipahoa Parish Library  
(A Component Unit of the Tangipahoa Parish Council )

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
For the Year Ended December 31, 2003

Reference Number: 2000-1

Fiscal Year Finding Initially Occurred: Ending December 31, 2000

Description of Finding:

In prior year audits, we noted that management had improved the recording and reporting of "collections" of the Tangipahoa Parish Library, and was able to print a "Collections" listing. "Collections" refer to books, journals, and audio and video materials maintained per location. We also noted that under current auditing standards, these items are reported as expenditures within the operating statement. With the implementation of GASB Statement #34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, a policy must be adopted by the Library for the valuation of collections and a policy adopted on the depreciation of collections.

For the fiscal year ending December 31, 2003, we noted that the library Board of Control had adopted a "threshold" for assets to be depreciated and adopted valuation procedures for books and magazines. These policies are included in *Footnote 1 - Summary of Significant Accounting Policies*, as Item H. *Capital Assets*.

Corrective Action Taken: Final

Reference Number: 2002-1

Fiscal Year Finding Initially Occurred: Ending December 31, 2002

Description of Finding:

For the fiscal year ending December 31, 2002, we noted that the Tangipahoa Parish Library did not have a current fiscal agency contract. Louisiana Revised Statute (L.R.S. Title 39, Section 1215), requires public bodies located in parishes with populations over 100,000 to advertise for fiscal agency contracts.

During the fiscal year ending December 31, 2003, the Tangipahoa Parish Library formally advertised for and entered into a fiscal agency agreement.

Corrective Action Taken: Final

(Concluded)

Tangipahoa Parish Library  
(A Component Unit of the Tangipahoa Parish Council )

CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the Year Ended December 31, 2003

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

No Section I Findings.

Section II - Internal Control and Compliance Material to Federal Awards

Section II Not Applicable.

Section III - Management Letter

No Section III Findings.

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Dale H. Jones, 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 70422

We have audited the financial statements of the governmental activities and each major fund of the Tangipahoa Parish Library, as of and for the year ended December 31, 2003, which collectively comprise Tangipahoa Parish Library's basic financial statements and have issued our report thereon dated June 1, 2004. We have conducted our audit in accordance with auditing standards generally accepted by the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

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

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the 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. However, we noted other matters involving the internal control over financial reporting that we have reported in the Summary Schedule of Prior Year Audit Findings as reference number 99-2.

**BRUCE HARRELL & CO.**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
A Professional Accounting Corporation

To the Board of Control  
Tangipahoa Parish Library

Page 2

This report is intended for the information of the management of the Tangipahoa Parish Library and the Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and is distributed by the Legislative Auditor as a public document in accordance with Louisiana Revised Statutes § 24:513.



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

June 1, 2004