

MOREHOUSE PARISH LIBRARY  
BASTROP, LOUISIANA

*Financial Statements*  
*For the Year Ended December 31, 2022*

MOREHOUSE PARISH LIBRARY  
BASTROP, LOUISIANA

FOR THE YEAR ENDED DECEMBER 31, 2022

INDEX

Independent Auditor's Report -----	1
Required Supplemental Information (Part A)	
Management's Discussion and Analysis -----	3-7
<u>Component Unit Financial Statements</u>	
Government-Wide Financial Statements:	
Statement of Net Position -----	8
Statement of Activities -----	9
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet -----	10
Statement of Revenues, Expenditures, and Changes in Fund Balance -----	11
Reconciliation of the Governmental Funds Balance Sheet to the Government –Wide Financial Statement of Net Position -----	12
Reconciliation of the Statement of Revenues, Expenditures Changes in Fund Balances of Governmental Funds to the Statement of Activities -----	13
Notes to Financial Statements-----	14-28
Required Supplemental Information (Part B)	
Budget Comparison Schedule and Notes -----	29-30
Schedule of Employer's Share of Net Pension Liability -----	31
Schedule of Employer Contributions -----	32
<u>Other Supplemental Schedules</u>	
Schedule of Compensation, Reimbursements, Benefits and Other Payments To Agency Head, Political Subdivision Head or Chief Executive Officer -----	33
<u>Compliance Reporting</u>	
Independent Auditor's Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based On an Audit of Financial Statements Performed in Accordance With <i>Governmental Auditing Standards</i> -----	34-35
Schedule of Findings and Questioned Costs -----	36-37
Schedule of Prior Year Findings -----	38
Independent Accountant' Report on Applying Agreed Upon Procedures -----	39-48

INDEPENDENT AUDITOR'S REPORT

To the Board of Control  
Morehouse Parish Library  
Bastrop, Louisiana

*Report on the Audit of the Financial Statements*

*Opinions*

We have audited the accompanying financial statements of the governmental activities of the Morehouse Parish Library, a component unit of the Morehouse Parish Police Jury, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Morehouse Parish Library, as of December 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. We are required to be independent of the Morehouse Parish Library and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

*Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Morehouse Parish Library's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

To the Board of Control  
Morehouse Parish Library  
Bastrop, Louisiana

*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Morehouse Parish Library's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the
- Morehouse Parish Library's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

To the Board of Control  
Morehouse Parish Library  
Bastrop, Louisiana

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Proportionate Share of the Net Pension Liability, Schedule of Employer Contributions to Pension Plan, and the Budgetary Comparison Schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurances.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Morehouse Parish Library's basic financial statements. The schedule of compensation, reimbursements, benefits and other payments to agency head, political subdivision head or chief executive officer is the responsibility of management and was derived directly from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, reimbursements, benefits and other payments to agency head, political subdivision head or chief executive officer are fairly stated in all material respects in relation to the financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2023 on our consideration of the Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Library's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Library's internal control over financial reporting and compliance.

*David M. Sault, CPA (APAC)*

West Monroe, Louisiana  
September 6, 2023

REQUIRED SUPPLEMENTARY INFORMATION (Part 1 of 2)

MOREHOUSE PARISH LIBRARY  
BASTROP, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Year Ended December 31, 2022

As management of Morehouse Parish Library (the "Library") (a component unit of Morehouse Parish), we offer readers of the Library's financial statements this narrative overview and analysis of the financial activities of the Library for the year ended December 31, 2022. This discussion and analysis of management is designed to provide an objective and easy-to-read analysis of the Library's financial activities based on currently known facts, decisions, or conditions. It is intended to provide readers with a broad overview of the Library's finances. It is also intended to provide readers with an analysis of the short-term and long-term activities of the Library based on information presented in the financial report and fiscal policies that have been adopted by the Library. Specifically, this section is designed to assist the readers in focusing on significant financial issues, provide an overview of the Library's financial activity, identify changes in the Library's financial position (its ability to address the next and subsequent years' challenges), identify any material deviations from the financial plan (the approved budget), and identify individual issues or concerns of individual funds.

As with other sections of this financial report, the information contained within this discussion and analysis of management should be considered only a part of a greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the notes and supplementary information that are provided in addition to this discussion and analysis of management.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Library's financial statements. The Library's basic financial statements consist of the following components:

1. Government-wide financial statements.
2. Fund financial statements.
3. Notes to financial statements.

In addition to the basic financial statements, the Library also includes in this report additional information to supplement the basic financial statements.

## 1. Government-wide financial statements

Government-wide financial statements are designed by GASB Statement No. 34 to change the way in which government financial statements are presented. It now provides readers for the first time with a concise “entity-wide” statement of net position and statement of activities, seeking to give the users of the financial statements a broad overview of the Library’s financial position and results of operations in a manner similar to a private-sector business.

The statement of net position presents information on all of the Library’s assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The difference between assets and deferred outflow of resources and liabilities and deferred inflows of resources is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Library is improving or weakening. Evaluation of the overall economic health of the Library would extend to other nonfinancial factors in addition to the financial information provided in this report.

The statement of activities presents information detailing how the Library’s net position changed during the most recent year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of this statement is to show the financial reliance of the Library’s distinct activities or functions on revenues provided by the users of the Library’s services.

The government-wide financial statements report governmental activities of the Library that are principally supported by tax revenues. Governmental activities include general administrative services and culture and recreation.

## 2. Fund financial statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Library uses a fund to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Library as a whole with the major fund being separately reported.

The Library has only a governmental fund that is reported in the fund financial statements and encompasses essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Library’s governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near term.



Notes to financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

Government-Wide Financial Analysis

The Library's combined net position of governmental activities increased approximately \$35,000 between the two years ended December 31, 2022 and 2021.

The following provides a summary of the net position (in thousands of dollars) of the Library as of December 31:

	<u>2022</u>	<u>2021</u>
Current and other assets	\$ 1,291	\$ 1,221
Capital assets	160	167
Total assets	<u>\$ 1,451</u>	<u>\$ 1,388</u>
Deferred outflows of resources	<u>\$ 27</u>	<u>\$ 41</u>
Liabilities	<u>\$ 32</u>	<u>\$ 46</u>
Deferred inflows of resources	<u>\$ 631</u>	<u>\$ 603</u>
Net position:		
Investment in capital assets	\$ 160	\$ 167
Unrestricted	<u>655</u>	<u>613</u>
Total net position	<u><u>\$ 815</u></u>	<u><u>\$ 780</u></u>

As noted earlier, net position may serve over time as a useful indicator of the Library's financial position.

The following summarizes the Library's net position changes (in thousands of dollars) between the two years ended December 31:

	<u>2022</u>	<u>2021</u>
Revenues:		
Program revenues:		
Charges for services	\$ 4	\$ 4
General revenues:		
Property taxes	522	513
State revenue sharing	16	33
State grant	-	47
Interest and miscellaneous	<u>20</u>	<u>19</u>
Total revenues	<u>\$ 562</u>	<u>\$ 616</u>
Expenses:		
General government	\$ 16	\$ 16
Culture and recreation	505	481
Depreciation	<u>6</u>	<u>6</u>
Total expenses	<u>\$ 527</u>	<u>\$ 503</u>
Increase in net position	<u>\$ 35</u>	<u>\$ 113</u>

The Library's total revenues decreased by approximately \$54,000 while the total cost of all programs and services increased by approximately \$24,000. The Library's expenses cover a range of services with approximately 49% related to personal services (payroll, benefits, etc.).

General revenues are those available for the Library to pay for the governmental activities. For the year ended December 31, 2022, property taxes were the largest general revenue source (94%) by far for the Library.

Program revenues derive directly from the program itself and, as a whole, reduce the cost of the function to be financed from the Library's general revenues.

#### Financial Analysis of the Governmental Fund

As of December 31, 2022, the Library's governmental fund reported an ending unassigned fund balance of \$632,884, an increase of \$10,792 from \$622,092 as of December 31, 2021.

## Budgetary Highlights

The Library made no amendments to its original budget for the year ended December 31, 2022. Actual non-GAAP basis revenues of the General Fund of \$604,892 exceeded budgeted revenues of \$588,213 by \$16,679 or 2.67%. Actual non-GAAP basis expenditures of \$497,491 exceeded the final budgeted expenditures of \$461,650 by \$35,841 or 7.76%.

## Capital Assets

As of December 31, 2022, the Library had invested \$160,488 in capital assets, including land, buildings, and equipment. There were no additions or deletions made during the year ended December 31, 2022.

## Economic Factors and Next Year's Budget

Excess revenues over expenditures budgeted for 2023 remained relatively the same as the final 2022 budgeted excess. All staff was granted a 5% salary increase in the 2023 budget as originally adopted.

## Requests for Information

This financial report is designed to provide a general overview of the Library's financial picture for all those with an interest in the Library's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Librarian, 524 East Madison Avenue, Bastrop, Louisiana 71220.

BASIC FINANCIAL STATEMENTS

MOREHOUSE PARISH LIBRARY  
BASTROP, LOUISIANA

STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES - GENERAL FUND  
December 31, 2022

ASSETS

Cash	\$ 655,878
Property taxes receivable	538,436
Net pension asset	96,503
Capital assets:	
Land	60,000
Other capital assets, net of depreciation	100,488
Total assets	<u>\$ 1,451,305</u>

DEFERRED OUTFLOWS OF RESOURCES

Resources related to pensions	<u>\$ 26,757</u>
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LIABILITIES

Accounts payable	\$ 4,970
Payroll withholdings	18,024
Long-term liabilities - due within one year	8,835
Total liabilities	<u>\$ 31,829</u>

DEFERRED INFLOWS OF RESOURCES

Property taxes	\$ 538,436
Resources related to pension	92,402
Total deferred inflows of resources	<u>\$ 630,838</u>

NET POSITION

Investment in capital assets	\$ 160,488
Unrestricted	<u>654,907</u>
Total net position	<u>\$ 815,395</u>

The accompanying notes are an integral part of these financial statements.

MOREHOUSE PARISH LIBRARY  
BASTROP, LOUISIANA

STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES - GENERAL FUND  
As of and for the Year Ended December 31, 2022

Expenses:	
Current:	
General government:	
Statutory charges	\$ 16,294
Culture and recreation:	
Personal services	257,808
Operating services	155,577
Materials and supplies	6,101
Library materials	79,351
Intergovernmental	3,742
Programs	1,637
Travel	273
Depreciation	6,028
Total expenses	<u>\$ 526,811</u>
Program revenues:	
Culture and recreation:	
Charges for services	<u>4,129</u>
Net program (expense) revenue	<u>\$( 522,682)</u>
General revenues:	
Property taxes	\$ 521,784
State revenue sharing	15,930
Interest and miscellaneous	20,451
Total general revenues	<u>\$ 558,165</u>
Change in net position	\$ 35,483
Net position - beginning	<u>779,912</u>
Net position - ending	<u><u>\$ 815,395</u></u>

The accompanying notes are an integral part of these financial statements.

MOREHOUSE PARISH LIBRARY  
BASTROP, LOUISIANA

BALANCE SHEET - GOVERNMENTAL FUND - GENERAL FUND  
December 31, 2022

ASSETS

Cash	\$ 655,878
Property taxes receivables	<u>538,436</u>
Total assets	<u>\$ 1,194,314</u>

LIABILITIES

Accounts payable	\$ 4,970
Payroll withholdings	<u>18,024</u>
Total liabilities	\$ 22,994

DEFERRED INFLOWS OF RESOURCES

Property taxes	538,436
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FUND BALANCE

Unassigned	<u>632,884</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,194,314</u>

The accompanying notes are an integral part of these financial statements.

MOREHOUSE PARISH LIBRARY  
BASTROP, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND - GENERAL FUND  
As of and for the Year Ended December 31, 2022

Revenues:	
Property taxes	\$ 521,784
State revenue sharing	15,930
Fines and forfeitures	852
Charges for services	3,277
Interest and miscellaneous	18,756
Total revenues	<u>\$ 560,599</u>
Expenditures:	
Current:	
General government:	
Statutory charges	\$ 16,294
Culture and recreation:	
Personal services	286,832
Operating services	155,577
Materials and supplies	6,101
Library materials	79,351
Intergovernmental	3,742
Programs	1,637
Travel	273
Total expenditures	<u>\$ 549,807</u>
Net change in fund balance	\$ 10,792
Fund balance - beginning	<u>622,092</u>
Fund balance - ending	<u><u>\$ 632,884</u></u>

The accompanying notes are an integral part of these financial statements.



MOREHOUSE PARISH LIBRARY  
BASTROP, LOUISIANA

RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEET  
TO GOVERNMENT-WIDE STATEMENT OF NET POSITION  
December 31, 2022

Total fund balance - governmental fund balance sheet	\$ 632,884
Amounts reported for governmental activities in statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund.	160,488
Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund.	( 8,835)
Net pension asset does not provide current financial resources and therefore is not reported in the fund.	96,503
Net effect of deferred outflows of resources and deferred inflows of resources related to pension do not require the use of current financial resources and therefore are not reported in the fund.	<u>( 65,645)</u>
Total net position of governmental activities - government-wide statement of net position	<u>\$ 815,395</u>

The accompanying notes are an integral part of these financial statements.

MOREHOUSE PARISH LIBRARY  
BASTROP, LOUISIANA

RECONCILIATION OF GOVERNMENTAL FUND STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE TO  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

December 31, 2022

Net change in fund balance - governmental fund	\$ 10,792
Amounts reported for governmental activities in statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation expense in the current period.	( 6,028)
Proportionate share of non-employer contributions to pension plans do not provide current financial resources and are not reported as revenue in the governmental fund.	1,695
Compensated absences are not due and payable in the current period and therefore are not reported in the fund.	( 2,350)
Governmental funds report current year pension contributions as expenditures. However, in the statement of activities, these contributions are reported as deferred inflows of resources and the proportionate share of the plans' pension expense is reported as such.	<u>31,374</u>
Change in net position - government-wide statement of activities	<u>\$ 35,483</u>

The accompanying notes are an integral part of these financial statements.

MOREHOUSE PARISH LIBRARY  
BASTROP, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2022

Note 1. Organization and Summary of Significant Accounting Policies

Morehouse Parish Library (the "Library") is a component unit of Morehouse Parish. It was created by Ordinance No. 618 adopted by the Police Jury of Morehouse Parish on April 5, 1939. The administration of and accounting functions for funds of Morehouse Parish Library were transferred from Morehouse Parish Police Jury to Morehouse Parish Library Board of Control effective January 1, 1983. The governing body of the Library consists of an eight member, non-compensated Board of Control which is appointed by Morehouse Parish Police Jury.

The Library provides approximately 28,000 parish citizens access to resource materials, books, magazines, films, recordings, and Internet.

The Board of Control is responsible for the hiring of a qualified librarian who is responsible for administration of day-to-day operations of the Library and supervision of employees.

The main Library and one full service branch are located at the parish seat, Bastrop, Louisiana, with two additional branches located within the parish and offering full services on a part-time basis.

The more significant of the Library's accounting policies are described below:

Basis of Presentation:

The accompanying basic financial statements of the 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 financials statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments*, issued in June 1999.

## NOTES TO FINANCIAL STATEMENTS

### Reporting Entity:

The Library does not possess all the corporate powers necessary to make it a legally separate entity from Morehouse Parish Police Jury, which holds the Library's corporate powers. For this reason, the Library is a component unit of Morehouse Parish Police Jury, the financial reporting entity.

The accompanying financial statements present information only on the funds maintained by the Library and do not present information on Morehouse Parish Police Jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

### Government-Wide Financial Statements:

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the Library as a whole as governmental activities, generally supported by taxes and general revenues.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (a) charges for services which report fees, fines, and other charges to users of the Library's services; (b) operating grants and contributions which finance annual operating activities; and (c) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported instead as general revenues.

### Fund Financial Statements:

Fund financial statements are provided for the governmental fund.

### Basis of Accounting and Measurement Focus:

The financial statements of the Library are prepared in accordance with generally accepted accounting principles (GAAP). The government-wide financial statements report using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem tax revenues are recognized in the year for which they are levied.

## NOTES TO FINANCIAL STATEMENTS

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Library considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred. Major revenue sources susceptible to accrual are property taxes. In general, other revenues are recognized when cash is received.

### Fund Type and Major Fund:

The Library reports the General Fund as a major governmental fund. The General Fund is the general operating fund of the Library and accounts for all financial resources.

### Budgets and Budgetary Accounting:

The Board of Control adopted the 2022 annual budget for the General Fund on February 7, 2022. The annual budget was prepared in accordance with the modified cash basis of accounting utilized by the General Fund. The Librarian is authorized to transfer budgeted amounts within and among departments; however, any revisions that alter the total expenditures resulting from revenues exceeding amounts estimated must be approved by the Board of Control. There was one amendment approved for the annual budget on October 25, 2021. The budgetary comparison schedule included as required supplementary information in the accompanying financial statements includes the original and final budget amounts. All annual appropriations lapse at fiscal year end.

### Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## NOTES TO FINANCIAL STATEMENTS

### Cash:

Cash includes amounts in interest-bearing demand deposits and petty cash.

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.

### Receivables:

Receivables include property taxes.

### Uncollectible Allowance:

The statements contain no provision for uncollectible accounts. The Library's management is of the opinion that such allowance would be immaterial in relation to the financial statements taken as a whole.

### Capital Assets and Depreciation:

Capital assets, which include property, plant, and equipment, with useful lives of more than one year are reported in the government-wide financial statements. Capital assets are capitalized at historical cost. The Library maintains a threshold level of \$2,500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	40 years
Furniture and fixtures	5 - 7 years
Computer automation	5 years

## NOTES TO FINANCIAL STATEMENTS

### Pension:

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the Parochial Employees Retirement System (“PERSLA”) (the “Plan”), and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expenditure until then. In addition to liabilities, the Library’s statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. Resources related to pension are reported both as deferred outflows and inflows while property taxes receivable that are recorded before the period for which the taxes are actually levied are reported as deferred inflows of resources.

### Compensated Absences:

Full-time professional staff of the Library earn 22 days of vacation each anniversary year of employment. Non-professional staff members of the Library earn from ten to 20 days of vacation each anniversary year of employment, depending on length of service. Employees may not accumulate vacation. Upon resignation or retirement, employees are compensated for vacation earned but not taken during the current anniversary year of employment at the employee’s current rate of pay.

Employees of the Library also earn compensatory time in lieu of payment for time worked beyond the eight-hour workday or in addition to the regular 40-hour workweek. Compensatory time accrual is not limited but must be used by certain dates.

Sick leave with pay is granted to full-time and part-time employees working on a regular schedule. Sick leave allowance of ten working days per year is granted to full-time employees. The amount of time allowed part-time employees is pro-rated

## NOTES TO FINANCIAL STATEMENTS

on the hours worked per week. Sick leave accrual is limited to 30 days - 20 unused days from the past calendar years plus ten days granted during the current calendar year.

The Library's recognition and measurement criteria for compensated absences follows:

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

1. The employees' rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employee for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

GASB Statement No. 16 provides that a liability for sick leave should be accrued using one of the following approaches:

1. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.
2. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

Estimated accrued compensated absences resulting from unused vacation and compensatory time at the end of the fiscal year are recorded as long-term liabilities in the government-wide financial statements. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. Compensated absences are paid from the fund responsible for the employee's compensation and are recorded in the fund financial statements only when payment is actually made.



## NOTES TO FINANCIAL STATEMENTS

### Equity Classifications:

In the government-wide financial statements, equity is classified as net position and classified into two components:

1. Investment in capital assets - consists of capital assets net of accumulated depreciation
2. Unrestricted - consists of all other assets.

In the fund financial statements, governmental fund balance is classified as unassigned as it is available for any purpose.

### Revenue Recognition - Property Taxes:

Property taxes attach as an enforceable lien on property as of the date of the tax rolls are filed with the recorder of mortgages which, by law, must be on or before November 15 of each year. Billed taxes become delinquent on January 1 of the following year. Morehouse Parish Sheriff bills and collects the Library's property taxes using the assessed values determined by Morehouse Parish Tax Assessor.

### Note 2. Cash and Deposits

The following is a summary of cash and deposits as of December 31, 2022:

Interest-bearing demand deposits	\$ 655,788
Petty cash	<u>90</u>
	<u>\$ 655,878</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 and deposited with an unaffiliated 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.

As of December 31, 2022, the Library had \$658,746 in deposits (collected bank balances). These deposits were secured from risk by \$250,000 of federal deposit insurance and \$429,184 of pledged securities held by Bank of New York Mellon .

There were no repurchase or reverse repurchase agreements as of December 31, 2022.

## NOTES TO FINANCIAL STATEMENTS

### Note 3. Property Taxes

For the year ended December 31, 2022, property taxes of 3.31 mills were levied on property with assessed valuations totaling \$198,842,601 as follows:

	<u>Maximum Millage</u>	<u>Authorized Millage</u>	<u>Expiration Date</u>
General corporate purposes	3.31	3.31	2029

The following are the principal property taxpayers for the parish as a whole for the year ended December 31, 2022:

<u>Taxpayer</u>	<u>Assessed Valuation</u>
Entergy Louisiana Holdings, Inc.	\$ 9,612,840
Texas Gas Transmission Corp.	6,941,390
Union Pacific Corp.	5,467,150

Total ad valorem taxes levied for the year ended December 31, 2022 were \$538,436. As of December 31, 2022, ad valorem taxes receivable was \$538,436.

NOTES TO FINANCIAL STATEMENTS

Note 4. Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2022 for the Library is as follows:

	Balance January 1, 2022	Increases	Decreases	Balance December 31, 2022
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 60,000	\$ -	\$ -	\$ 60,000
Capital assets being depreciated:				
Buildings and improvements	\$ 255,234	\$ -	\$ -	\$ 255,234
Furniture and equipment	3,058	-	-	3,058
Computer automation	62,450	-	-	62,450
Total capital assets being depreciated	\$ 320,742	\$ -	\$ -	\$ 320,742
Less accumulated depreciation for:				
Buildings and improvements	\$ 148,718	\$ 6,028	\$ -	\$ 154,746
Furniture and equipment	3,058	-	-	3,058
Computer automation	62,450	-	-	62,450
Total accumulated depreciation	\$ 214,226	\$ 6,028	\$ -	\$ 220,254
Total capital assets being depreciated, net	\$ 106,516	\$ 6,028	\$ -	\$ 100,488

Depreciation expense of the governmental activities is reported in the statement of activities.

Note 5. Long-Term Liabilities

The following is a summary of the transactions of the Library's current portion of long-term liabilities for the year ended December 31, 2022:

	Compensated <u>Absences</u>
Balance - January 1, 2022	\$ 6,485
Increase	<u>2,350</u>
Balance - December 31, 2022	<u>\$ 8,835</u>

## NOTES TO FINANCIAL STATEMENTS

As of December 31, 2022, employees of the Library had accumulated and vested compensated absences which were computed in accordance with GASB Statement No. 16. The total amount accrued as of December 31, 2022 is reported in the statement of net position as long-term liabilities - due within one year.

### Note 6. Pension Plan and Other Pension Liabilities (Assets)

The Library's employees are provided with benefits through Parochial Employees Retirement System of Louisiana (Plan A) ("PERSLA"), a multiple-employer cost-sharing plan. PERSLA provides retirement benefits to all employees of any parish in the State of Louisiana or any governing body or a parish which employs and pays persons serving the parish.

#### General Information About PERSLA:

PERSLA membership is provided on the date of employment to all permanent employees who work at least 28 hours per week. The Library participates in Plan A and provides retirement benefits to any member of Plan A who was hired before January 1, 2007 meeting one of the following criteria:

- a. Any age with 30 or more years of creditable service
- b. Age 55 with a minimum of 25 years creditable service
- c. Age 60 with a minimum of 10 years of creditable service
- d. Age 65 with a minimum of 7 years of creditable service

For members hired after January 1, 2007, benefits are provided to any member of Plan A meeting one of the following criteria:

- a. Age 55 with 30 years of service
- b. Age 62 with 10 years of service
- c. Age 67 with 7 years of service

Generally, the monthly retirement allowance for any member of Plan A consists of an amount equal to 3% of the member's monthly average final compensation times years of creditable service. However, under certain conditions (as outlined in the statutes), the benefits are limited to specified amounts. Survivor, death, and disability benefits are also provided under the plan.

## NOTES TO FINANCIAL STATEMENTS

In lieu of terminating employment and accepting a service retirement allowance, any member who is eligible to retire may elect to participate in the deferred retirement option plan ("DROP") for three years and defer the receipt of benefits. During such period, employer contributions continue but employee contributions cease. Monthly benefits that the member would have received during the DROP period are paid into the DROP fund. Interest is earned when the member has completed DROP participation, based on the actual rate of return on the investments identified as DROP fund for the period.

For the year ended December 31, 2021, the actual employer contribution rate was 12.25%, and the actuarially required contribution rate was 10.38%.

The Plan receives ad valorem and state revenue sharing funds as employer contributions and those amounts are considered support from non-employer contributing entities, but are not considered as special funding situations.

Under Plan A, members are required by state statute to contribute 9.50% of their annual covered salary and the Library is required to contribute at an actuarially determined rate. The current rate is 11.50% of annual covered payroll. Contributions to PERSLA also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Library are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Library's contributions to the System under Plan A for the years ended December 31, 2022, 2021, and 2020 were \$15,139, \$15,781, and \$18,660, respectively, equal to the required contributions for each year.

### Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources:

As of December 31, 2022, the Library reported a total of \$96,503 for its proportionate share of the net pension asset of the Plan.

The net pension asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Library's proportion of the net pension liability was based on a projection of the Library's long-term contributions to the Plan relative to the projected contributions of all participating employers, actuarially determined. The Library's proportions of the Plan as of December 31, 2021 and 2020, were both 0.02%.

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2022, the Library recognized pension expense of (\$16,217).

In addition, the Library reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

Deferred outflows of resources:

Changes in proportion	\$ 754
Difference between expected and actual experience	5,831
Changes of assumptions	5,033
Contributions subsequent to the measurement date	<u>15,139</u>
Total deferred outflows of resources	<u>\$ 26,757</u>

Deferred inflows of resources:

Changes in proportion	\$ 1,935
Difference between expected and actual experience	6,994
Net difference between projected and actual earnings on pension plan investments	<u>83,473</u>
Total deferred inflows of resources	<u>\$ 92,402</u>

The deferred outflows of resources related to pension resulting from the Library's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ending December 31,</u>	
2023	\$( 15,655)
2024	( 33,615)
2025	( 22,567)
2026	<u>( 8,947)</u>
Total	<u>\$( 80,784)</u>

## NOTES TO FINANCIAL STATEMENTS

### Actuarial Assumptions:

The total pension liabilities in the December 31, 2021 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurements:

Inflation	2.30%
Salary increases	4.75%
Investment rate of return	6.40%
Actuarial cost method	entry age normal
Expected remaining service lives	4 years

Mortality rates were based on the Pub-2010 Public Retirement Plans Mortality Table for Healthy Retirees, multiplied by 130% for males and 125% for females. For employees, the 2010 Public Retirement Plans Mortality Table for General Employees was multiplied by 130% for males and 125% for females. For disabled retirees, the 2010 Public Retirement Plans Mortality Table for General Disabled Retirees was multiplied by 130% for males and 125% for females.

The investment rate of return was determined based on a triangulation method which integrated the capital asset pricing model (top-down), a treasury yield curve approach (bottom-up), and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.00%.

## NOTES TO FINANCIAL STATEMENTS

### Target Asset Allocation and Expected Rate of Return:

The Plan's target asset allocation and expected rate of return as of December 31, 2021, are as follows:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Fixed income	33%	.85%
Equity	51%	3.23%
Alternatives	14%	.71%
Real assets	<u>2%</u>	<u>.11%</u>
Totals	<u>100%</u>	4.90%
 Inflation		 <u>2.10%</u>
 Expected arithmetic nominal return		 <u>7.00%</u>

### Sensitivity of the Library's Proportionate Share of the Net Pension Liabilities to Changes in the Discount Rate:

The following presents the Library's proportionate share of the net pension liability of the Plan, calculated using the discount rates as shown above, as well as what the Library's proportionate share of the net pension liability (net pension asset) would be if they were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

1% Decrease	Current Discount	1% Increase
<u>(5.40%)</u>	<u>Rate (6.40%)</u>	<u>(7.40%)</u>
\$ 17,205	\$( 96,503)	\$( 191,753)

### Pension Plan Fiduciary Net Position:

Detailed information about the Plan's fiduciary net position is available in the separately issued financial statements of the Plan.



## NOTES TO FINANCIAL STATEMENTS

### Note 7. Risk Management

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Library carries commercial insurance for all risks of loss, including workers' compensation and employee health and accident insurance. There were no significant reductions in the insurance coverage during the fiscal year. Settlement amounts have not exceeded insurance coverage for the current year or three prior fiscal years.

### Note 8. Subsequent Events

Subsequent events were evaluated through September 6, 2023, which is the day the financial statements were available to be issued, and it was determined that no significant events had occurred requiring disclosure.

REQUIRED SUPPLEMENTARY INFORMATION (Part 2 of 2)

MOREHOUSE PARISH LIBRARY  
BASTROP, LOUISIANA

BUDGETARY (NON-GAAP BASIS) COMPARISON SCHEDULE -  
GOVERNMENTAL FUND - GENERAL FUND  
As of and for the Year Ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget - Favorable <u>(Unfavorable)</u>
Revenues:				
Property taxes	\$ 518,537	\$ 538,826	\$ 513,254	\$( 25,572)
State revenue sharing	35,656	37,051	24,644	( 12,407)
Fines and forfeitures	363	378	138	( 240)
Charges for services	4,442	4,616	4,329	( 287)
State grant	-	-	47,065	47,065
Interest and miscellaneous	7,066	7,342	15,462	8,120
Total revenues	<u>\$ 566,064</u>	<u>\$ 588,213</u>	<u>\$ 604,892</u>	<u>\$ 16,679</u>
Expenditures:				
Current:				
General government:				
Statutory charges	\$ -	\$ -	\$ 16,375	\$( 16,375)
Culture and recreation:				
Personal services	225,715	249,028	300,342	( 51,314)
Operating services	118,769	124,707	119,956	4,751
Materials and supplies	9,402	9,872	14,482	( 4,610)
Library materials	84,282	72,692	37,482	35,210
Intergovernmental	3,205	3,205	6,788	( 3,583)
Programs	2,502	2,066	1,986	80
Travel	2,146	80	80	-
Capital outlay	-	-	-	-
Total expenditures	<u>\$ 446,021</u>	<u>\$ 461,650</u>	<u>\$ 497,491</u>	<u>\$( 35,841)</u>
Net change in fund balance (non-GAAP basis)	\$ 120,043	\$ 126,563	\$ 107,401	\$( 19,162)
Fund balance (GAAP and non- GAAP basis) - beginning	<u>-</u>	<u>-</u>	<u>528,924</u>	<u>528,924</u>

(continued)

MOREHOUSE PARISH LIBRARY  
BASTROP, LOUISIANA

BUDGETARY (NON-GAAP) COMPARISON SCHEDULE -  
GOVERNMENTAL FUND - GENERAL FUND (Continued)  
As of and for the Year Ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget - Favorable <u>(Unfavorable)</u>
Fund balance (non-GAAP basis) - ending	<u>\$ 120,043</u>	<u>\$ 126,563</u>	\$ 636,325	<u>\$ 509,762</u>
Adjustments to generally accepted accounting principles (GAAP):				
Payroll accruals			464	
Revenue accruals			( 8,515)	
Expenditure accruals			13,675	
Other			( 18,344)	
Deferred inflows of resources			<u>( 1,513)</u>	
Fund balance (GAAP basis) - ending			<u>\$ 622,092</u>	

See accountant's compilation report.

MOREHOUSE PARISH LIBRARY  
BASTROP, LOUISIANA

BUDGETARY (NON-GAAP) COMPARISON SCHEDULE -  
GOVERNMENTAL FUND - GENERAL FUND (Continued)  
As of and for the Year Ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Fund balance (non-GAAP basis) - ending	\$ 120,043	\$ 126,563	\$ 636,325	\$ 509,762
Adjustments to generally accepted accounting principles (GAAP):				
Payroll accruals			464	
Revenue accruals			( 8,515)	
Expenditure accruals			13,675	
Other			( 18,344)	
Deferred inflows of resources			( 1,513)	
Fund balance (GAAP basis) - ending			\$ 622,092	

The accompanying notes are an integral part of these financial statements.

MOREHOUSE PARISH LIBRARY  
BASTROP, LOUISIANA

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA  
Last Ten Fiscal Years Ended December 31

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of net pension liability	.02%	.02%	.02%	.02%	.02%	.02%	.03%	.03%
Proportionate share of net pension liability (asset)	\$( 96,503)	\$( 39,990)	\$ 1,098	\$ 94,435	\$( 15,418)	\$ 45,418	\$ 73,854	\$ 7,278
Covered employees' payroll	\$ 128,344	\$ 152,324	\$ 147,896	\$ 130,803	\$ 127,856	\$ 138,239	\$ 106,871	\$ 150,630
Proportionate share of net pension liability (asset) as a percentage of covered employees' payroll	-75.19%	-26.25%	.74%	72.20%	( 12.06%)	32.85%	45.91%	4.83%
Plan fiduciary net position as a percentage of total pension liability	110.46%	104.00%	99.89%	88.86%	101.98%	94.15%	92.23%	99.15%

See accountant's compilation report.

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MOREHOUSE PARISH LIBRARY  
BASTROP, LOUISIANA

SCHEDULE OF CONTRIBUTIONS  
PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA  
Last Ten Fiscal Years Ended December 31

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 16,838	\$ 18,659	\$ 17,008	\$ 15,042	\$ 15,982	\$ 17,971	\$ 23,326	\$ 23,967
Contributions in relation to contractually required contribution	<u>16,838</u>	<u>18,659</u>	<u>17,008</u>	<u>15,042</u>	<u>15,982</u>	<u>17,971</u>	<u>23,326</u>	<u>23,967</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employees' payroll	\$ 128,344	\$ 152,324	\$ 147,896	\$ 130,803	\$ 127,856	\$ 138,239	\$ 160,871	\$ 150,630
Contribution as a percentage of covered employees' payroll	12.25%	12.25%	11.50%	11.50%	12.50%	13.00%	14.50%	15.91%

See accountant's compilation report.

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MOREHOUSE PARISH LIBRARY  
BASTROP, LOUISIANA

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA  
Last Ten Fiscal Years Ended December 31

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of net pension liability	.02%	.02%	.02%	.02%	.02%	.02%	.03%	.03%
Proportionate share of net pension liability (asset)	\$( 96,503)	\$( 39,990)	\$ 1,098	\$ 94,435	\$( 15,418)	\$ 45,418	\$ 73,854	\$ 7,278
Covered employees' payroll	\$ 128,344	\$ 152,324	\$ 147,896	\$ 130,803	\$ 127,856	\$ 138,239	\$ 106,871	\$ 150,630
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Plan fiduciary net position as a percentage of total pension liability	110.46%	104.00%	99.89%	88.86%	101.98%	94.15%	92.23%	99.15%

The accompanying notes are an integral part of these financial statements.

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MOREHOUSE PARISH LIBRARY  
BASTROP, LOUISIANA

SCHEDULE OF CONTRIBUTIONS  
PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA  
Last Ten Fiscal Years Ended December 31

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 16,838	\$ 18,659	\$ 17,008	\$ 15,042	\$ 15,982	\$ 17,971	\$ 23,326	\$ 23,967
Contributions in relation to contractually required contribution	<u>16,838</u>	<u>18,659</u>	<u>17,008</u>	<u>15,042</u>	<u>15,982</u>	<u>17,971</u>	<u>23,326</u>	<u>23,967</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employees' payroll	\$ 128,344	\$ 152,324	\$ 147,896	\$ 130,803	\$ 127,856	\$ 138,239	\$ 160,871	\$ 150,630
Contribution as a percentage of covered employees' payroll	12.25%	12.25%	11.50%	11.50%	12.50%	13.00%	14.50%	15.91%

The accompanying notes are an integral part of these financial statements.

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OTHER SUPPLEMENTARY INFORMATION

MOREHOUSE PARISH LIBRARY  
BASTROP, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS,  
AND OTHER PAYMENTS TO AGENCY HEAD  
As of and For the Year Ended December 31, 2022

The Library paid no compensation, reimbursements, or benefits to an agency head during the year ended December 31, 2022.

The accompanying notes are an integral part of these financial statements.

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

To the Board of Control  
Morehouse Parish Library  
Bastrop, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of Morehouse Parish Library, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements, and have issued my report thereon dated September 6, 2023.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Library's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Library's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be a material weakness or significant deficiency and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control described in the accompanying Schedule of Findings and Questioned Costs as 2022-1 that we consider to be a significant deficiency.

To the Board of Control  
Morehouse Parish Library  
Bastrop, Louisiana

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Morehouse Parish Library's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2022-2.

***Morehouse Parish Library's Response to Findings***

Morehouse Parish Library's responses to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Morehouse Parish Library's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended for the use of management of Morehouse Parish Library and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*David M. Sand, CPA (APAC)*

West Monroe, Louisiana  
September 6, 2023

MOREHOUSE PARISH LIBRARY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

To the Board of Control  
Morehouse Parish Library  
Bastrop, Louisiana

We have audited the financial statements of Morehouse Parish Library, a component unit of the Morehouse Parish Police Jury as of and for the year ended December 31, 2022, and have issued our report thereon dated September 6, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2022, resulted in an unqualified opinion.

Section I- Summary of Auditor's Results

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weakness  yes  no

Significant Deficiencies not considered to be  
Material Weaknesses  yes  no

Compliance

Compliance Material to Financial Statements  yes  no

B. Federal Awards – N/A

Material Weakness Identified  yes  no

Significant Deficiencies not considered to be  
Material Weaknesses  yes  no

Type of Opinion on Compliance For Major Programs (No Major Programs)

Unqualified  Qualified

Disclaimer  Adverse

Are their findings required to be reported in accordance with the Uniform Guidance?

N/A

C. Identification of Major Programs: N/A

Name of Federal Program (or cluster) CFDA Number(s) N/A

Dollar threshold used to distinguish between Type A and Type B Programs. N/A

Is the auditee a "low-risk" auditee, as defined by the Uniform Guidance? N/A

MOREHOUSE PARISH LIBRARY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

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

**2022-1 Inadequate Segregation of Duties**

Criteria: Proper internal controls require that accounting duties be performed by separate individuals so that one individual could not perpetrate and conceal errors or irregularities without them being detected by another individual who was performing his or her assigned duties.

Condition: All accounting duties are performed by one employee.

Cause: Limited number of employees due to the small size of the Library.

Effect: Errors or irregularities may not be detected within a timely period.

Recommendation: None

Management's Response: It is not feasible to correct this deficiency based on the size of the Library and limited revenues.

**2022-2 Unfavorable Budget Variances**

Criteria: Total actual revenues and expenditures within a fund should fall within a 5% favorable variance with the budgeted revenues and expenditures.

Condition: Total actual expenditures exceeded budgeted revenues by more than 5% variance.

Effect: Because actual expenditures have unfavorable budget variances, the Library is not in compliance with the Local Government Budget Act.

Recommendation: Management should more closely monitor actual revenues and expenditures to ensure they do not exceed the 5% variance threshold in the future. Management should also amend the budget when actual amounts exceed the 5% variance threshold.

Management's Response: Management will more closely monitor actual revenues and expenditures while comparing to budgeted amounts in the future.

Section II - Financial Statement Findings

No findings were reported under this section.

Section III - Management Letter

No management letter was issued.

MOREHOUSE PARISH LIBRARY  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2022

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

**2021-1 Inadequate Segregation of Duties**

Criteria: Proper internal controls require that accounting duties be performed by separate individuals so that one individual could not perpetrate and conceal errors or irregularities without them being detected by another individual who was performing his or her assigned duties.

Condition: All accounting duties are performed by one employee.

Recommendation: None

Finding Status: Unresolved, see 2022-1 in current year findings.

**2021-2 Unfavorable Budget Variances**

Criteria: Total actual revenues and expenditures within a fund should fall within a 5% favorable variance with the budgeted revenues and expenditures.

Condition: Total actual revenues failed to meet budgeted revenues by more than 5% variance and actual expenditures exceeded the total budgeted expenditures by more than 5%.

Recommendation: Management should more closely monitor actual revenues and expenditures to ensure they do not exceed the 5% variance threshold in the future. Management should also amend the budget when actual amounts exceed the 5% variance threshold.

Finding Status: Unresolved, see 2022-2 in current year findings.

Section II - Internal Control and Compliance Material to Federal Awards

This section is not applicable for this entity.

Section III - Management Letter

This section is not applicable for this entity.



INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

To the Morehouse Parish Library and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Morehouse Parish Library (the Entity) and the Louisiana Legislative Auditor (LLA), on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2022 through December 31, 2022. The Entity's management is responsible for those C/C areas identified in the SAUPs.

Morehouse Parish Library has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2022 through December 31, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and related exceptions obtained are described in the attachment to this report.

We were engaged by the Morehouse Parish Library to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Morehouse Parish Library and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

*David M. Hartt, CPA (APAC)*

West Monroe, Louisiana  
September 6, 2023

## 1) *Written Policies and Procedures*

---

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
  - ii. ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
  - iii. ***Disbursements***, including processing, reviewing, and approving.
  - iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
  - v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
  - vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
  - vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
  - viii. ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
  - ix. ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
  - x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
  - xi. ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
  - xii. ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

## Exceptions

Currently, the Library only has written policies and procedures addressing ethics, budgeting, travel and limited personnel policies. There are no other policies and procedures in place regarding the other areas noted above.

### ***2) Board or Finance Committee***

---

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
- i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
  - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
  - iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

No exceptions noted.

### ***3) Bank Reconciliations***

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- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
  - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
  - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

## Exceptions

The Library's bank account and all reconciliations for each month have been prepared. There is no evidence that a member of management with no involvement in the transactions associated with the bank account has reviewed each bank reconciliation.

### ***4) Collections (excluding electronic funds transfers)***

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- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that
  - i. Employees responsible for cash collections do not share cash drawers/registers;
  - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
  - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
  - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
  - i. Observe that receipts are sequentially pre-numbered.
  - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - iii. Trace the deposit slip total to the actual deposit per the bank statement.
  - iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
  - v. Trace the actual deposit per the bank statement to the general ledger.

## Exceptions

All cash/checks/money order (cash) collection is done at one location, the Library's main branch office. There is only one employee that handles all aspects of the accounting process and he is bonded. Receipts are given for cash received at the Library if asked for one.

### **5) *Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)***

---

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
  - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
  - ii. At least two employees are involved in processing and approving payments to vendors;
  - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
  - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
  - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

*[Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]*

- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
  - i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
  - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner

should select an alternative month and/or account for testing that does include electronic disbursements.

### Exceptions

A listing of disbursements was obtained and from that, 5 disbursements were randomly selected. Requisition or purchase orders are not used in purchasing and there is no approval on the invoices. There is only one employee in charge of all areas of the accounting function. The employee can add vendors to the computer system, has signatory authority and initiates the purchase. Blank checks are maintained in the locked filing cabinet and no signature stamp is used.

### 6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

---

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
  - i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
  - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

The Library does not use any type of credit, debit, fuel or p-cards.

### 7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)

---

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected

- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov));
- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

### **8) Contracts**

---

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and
  - i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
  - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
  - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
  - iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions noted.

### **9) Payroll and Personnel**

---

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
  - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
  - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
  - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

No exceptions noted.

#### **10) Ethics**

---

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
- i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
  - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

No exceptions noted.

#### **11) Debt Service**

---

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

This section not applicable.



## ***12) Fraud Notice***

---

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions noted.

## ***13) Information Technology Disaster Recovery/Business Continuity***

---

- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
  - i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
  - ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
  - iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

We performed the procedures and discussed the results with management.

## ***14) Prevention of Sexual Harassment***

---

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
- i. Number and percentage of public servants in the agency who have completed the training requirements;
  - ii. Number of sexual harassment complaints received by the agency;
  - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
  - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
  - v. Amount of time it took to resolve each complaint.

No exceptions noted.