

**DESOTO PARISH LIBRARY**

**Mansfield, Louisiana**

**FINANCIAL REPORT  
December 31, 2022**

**DESOTO PARISH LIBRARY**  
**Mansfield, Louisiana**

Financial Report  
December 31, 2022

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# Dees Gardner, Certified Public Accountants, LLC

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Control of the  
Desoto Parish Library  
Mansfield, Louisiana

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the DeSoto Parish Library, a component unit of the DeSoto 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 and the general fund of the DeSoto Parish Library, as of December 31, 2022, and the respective changes in financial position thereof 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 (GAAS) 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 our report. We are required to be independent of the 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 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.

### ***Auditor's Responsibility 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 the 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 on the effectiveness of the 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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, listed as required supplementary information (Part I) in the table of contents and the Budgetary Comparison Schedule, the Schedule of Proportionate Share of the Net Pension Liability, and the Schedule of Pension Contributions (listed as required supplementary information Part II), be presented to supplement the basic financial statements. Such information, 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 our inquiries, the basic financial statements, and other knowledge we obtained during our 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 assurance.

### ***Supplemental Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the DeSoto Parish Library's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer as listed in the table of contents as "Other Supplemental Information" is presented to fulfil the requirement of Louisiana Revised Statute 24:513(A)(3) and is not a required parts of the basic financial statements.

Such information is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is 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 June 29, 2023, on our consideration of the DeSoto Parish 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and in considering the DeSoto Parish Library's internal control over financial reporting and compliance.

### ***Report on Other Legal and Regulatory Requirements***

In accordance with the requirements of the Louisiana Legislative Auditor, we have issued a report, dated June 29, 2023, on the results of our state-wide agree-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's state-wide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.

*Dees Gardner, Certified Public Accountants, LLC*

Mansfield, Louisiana  
June 29, 2023

REQUIRED SUPPLEMENTARY INFORMATION  
(PART I)

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

**DESOTO PARISH LIBRARY**  
**Mansfield, Louisiana**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the year ending December 31, 2022

Within this section of the DeSoto Parish Library's (the Library) annual financial report, the Library's management is pleased to provide this narrative overview and analysis of the financial activities of the Library as of and for the fiscal year ended December 31, 2022. The Library's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. We encourage readers to consider the information presented here in conjunction with the Library's basic financial statements and supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.

**FINANCIAL HIGHLIGHTS**

- The DeSoto Parish Library's net position increased by \$972,633 or 3.61% in December 31, 2022, compared to an increase of \$45,088 or 0.17% in 2021.
- Sales and use taxes increased \$1,404,227 (57.60%) to \$3,842,080 during the year ended December 31, 2022 compared to an increase of \$206,018 (9.23%) during 2021.
- The DeSoto Parish Library's total general and program revenues increased by \$889,413 or 35.88%.
- During the year ended December 31, 2022, the DeSoto Parish Library had total expenses of \$1,939,395, excluding depreciation of \$456,556, compared to \$1,980,481 in 2021. This reflects a decrease of \$41,086 or 2.07% during the year ended December 31, 2022.

**OVERVIEW OF FINANCIAL STATEMENTS**

This Management Discussion and Analysis document introduces the basic financial statements which include government-wide financial statements and fund financial statements. These two types of financial statements present the Library's financial position and results of operations from differing perspectives, which are described as follows:

**Government-Wide Financial Statements**

The government-wide financial statements report information about the Library as a whole using accounting methods similar to those used by private-sector companies. These report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the Library's assets and all of its liabilities. All of the Library's activities are classified as governmental activities in the government-wide financial statements. The governmental activities are financed primarily by sales and use tax.

**Fund Financial Statements**

Fund financial statements provide detailed information regarding the Library's most significant activities and are not intended to provide information for the Library as a whole. Funds are accounting devices that are used to account for specific sources of funds. All of the Library's funds are limited to its general fund, which is classified as a Governmental Fund. This fund is used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental fund uses a modified accrual basis of accounting that provides a short-term view of the Library's finances. Assets reported by the governmental fund are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.

## **Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

### **Required Supplementary Information**

The basic financial statements are followed by a section of required supplementary information. This section includes a budgetary comparison schedule for the General Fund. Annual budgets are prepared on the cash basis. There is also a schedule of the Library's proportionate share of the net pension liability and schedule of pension contributions.

**Other Supplementary Information.** The schedule of compensation, benefits and other payments to agency head or chief executive officer is presented to fulfil the requirements of Louisiana Revised Statute 24:513(A)(3).

## **FINANCIAL ANALYSIS OF THE LIBRARY AS A WHOLE**

### **Net Position**

Net position may serve over time as a useful indicator of the DeSoto Parish Library's financial position. The total net position changed from a year ago, increasing from \$26,921,420 to \$27,894,053 (3.61%).

The DeSoto Parish Library's level of liquidity is \$18,813,951 (64.02%) of net position invested in demand deposits, LAMP securities, certificates of deposit, and government securities with various financial institutions as of December 31, 2022.

At December 31, 2022, \$9,080,102 (32.55%) of the Library's net position reflects capital assets with a historical cost of \$15,497,431 and accumulated depreciation of \$6,417,330.

Sales and use tax receivable increased by \$352,209.

The largest portion of the Library's net position \$18,813,951 (67.45%) as of December 31, 2022, and \$17,531,523 (65.12%) as of 2021, is unrestricted and may be used to meet the ongoing obligations to the citizens of DeSoto Parish.

The following table provides a summary of the Library's net position:

Assets	2022	2021	% Change
Cash	\$ 12,102,911	\$ 10,833,150	11.72%
Investments	5,754,137	6,249,190	-7.92%
Accounts Receivable	845,872	493,663	71.35%
Accrued Interest	27,834	24,285	14.61%
Prepaid Expenses	33,717	32,862	2.60%
Net pension asset	477,918	221,358	115.90%
Capital Assets, Net of Depreciation	9,080,101	9,389,897	-3.30%
Total Assets	<u>\$ 28,322,490</u>	<u>\$ 27,244,405</u>	<u>3.96%</u>
Deferred Outflows of Resources			
Pension related	\$ 104,293	\$ 127,005	-17.88%
Liabilities			
Current Liabilities			
Accounts Payable	\$ 28,987	\$ 25,954	11.69%
Salaries and Benefits Payable	79,032	93,693	-15.65%
Long-term Liabilities			
Accrued Compensated Absences	62,494	62,268	0.36%
Total Liabilities	<u>\$ 170,513</u>	<u>\$ 181,915</u>	<u>-6.27%</u>
Deferred Inflows of Resources			
Pension related	\$ 362,217	\$ 268,075	35.12%
Net Position			
Unrestricted	\$ 18,813,951	\$ 17,531,523	7.31%
Net Investment in Capital Assets	9,080,102	9,389,897	-3.30%
Total Net Position	<u>\$ 27,894,053</u>	<u>\$ 26,921,420</u>	<u>3.61%</u>

### Changes in Net Position

An analysis of the government-wide Statement of Activities is presented as follows:

Revenues	2022	2021	% Change
Program Revenue			
Charges for services	\$ 36,691	\$ 25,534	43.69%
Grants and contributions	490	71,129	-99.31%
General Revenue			
Sales tax	3,842,080	2,437,853	57.60%
Investment earnings	(530,703)	(90,777)	484.62%
Miscellaneous	18,239	1,048	1640.36%
Gain on sale of assets	1,787	2,479	-27.91%
Insurance proceeds	-	31,905	100.00%
Total Revenue	<u>3,368,584</u>	<u>2,479,171</u>	<u>35.88%</u>
Program Expenses			
Culture and Recreation	2,395,951	2,434,083	-1.57%
Change in Net Position	972,633	45,088	2057.19%
Net Position Beginning	<u>26,921,420</u>	<u>26,876,332</u>	<u>0.17%</u>
Net Position Ending	<u>\$ 27,894,053</u>	<u>\$ 26,921,420</u>	<u>3.61%</u>

As the above presentation demonstrates, the Library has increased its reserves by \$972,633 or 3.61%.

The DeSoto Library received \$3,842,080 (114%) and \$2,437,853 (98%) of its total revenues through sales and use taxes during 2022 and 2021, respectively. The Library experienced an unrealized loss on their investments of \$633,695 in 2022 compared to an unrealized loss of \$219,246 in 2021.

Approximately 1.09% (\$36,691) of the Fund's total revenue was derived through charges for services compared to 1.03% (\$25,534) in 2021.

The Library continues to have a substantial amount of net position.

## **FINANCIAL ANALYSIS OF THE LIBRARY'S FUND**

For the year ended December 31, 2022, differences between the government-wide presentation and the fund financial statements were due to depreciation changes associated with capital assets, changes in accrued compensated absences, and the GASB 68 non-employer contributions and pension expense.

## **GENERAL BUDGET BUDGETARY HIGHLIGHTS**

Formal budgetary integration is employed as a management control device during the fiscal year. The budget policy of the Library complies with state law, as amended, and as set forth in Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA-RS 39:1301 et seq.). The Library's budget was not amended during 2022. The Library's budget is based on the Government Fund's Statement of Revenues, Expenditures, and Changes in Fund Balance. The actual revenues were \$883,651 more than the budgeted amounts. The actual expenditures were \$240,055 or 9.79% less than the budgeted amounts. The DeSoto Parish Library is in compliance with the Louisiana Governmental Budget Act for the year ending December 31, 2022.

## **CAPITAL ASSET ADMINISTRATION**

Capital asset purchases for the year ended December 31, 2022, included additions to the library's collection, and interior painting and telephone system at the Stonewall Branch.

## **DEBT ADMINISTRATION**

For the year ended December 31, 2022, there was no debt activity and no debts are outstanding at year-end.

## **ECONOMIC FACTORS EXPECTED TO EFFECT FUTURE OPERATIONS**

For the fiscal year ending December 31, 2023, the following factors were considered when the budget was prepared:

- Sales tax revenues are expected to remain constant.
- Program revenues of charges for services will remain constant.
- Expenditures are expected to remain constant with the prior year.

## **REQUEST FOR INFORMATION**

This report is designed to provide a general overview of the DeSoto Parish Library's finances and seeks to demonstrate the Library's accountability for the money they receive. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Delbert Terry, Director, 109 Crosby Street, Mansfield, Louisiana, 71052.

## BASIC FINANCIAL STATEMENTS

**DESOTO PARISH LIBRARY**

Mansfield, Louisiana

**GOVERNMENTAL FUND BALANCE SHEET / STATEMENT OF NET POSITION**

December 31, 2022

	Governmental Fund Financial Statements		Government-wide Statements
	<b>Balance Sheet</b>		<b>Statement of</b>
	General Fund	Adjustments	<b>Net Position</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 12,102,911	\$ -	\$ 12,102,911
Investments	5,754,137	-	5,754,137
Accounts receivable	845,872	-	845,872
Accrued interest	27,834	-	27,834
Prepaid expenses	33,717	-	33,717
Net pension asset	-	477,918	477,918
Capital assets, net of accumulated depreciation, (see note 4)	-	9,080,101	9,080,101
<b>TOTAL ASSETS</b>	<b>\$ 18,764,471</b>	<b>\$ 9,558,019</b>	<b>\$ 28,322,490</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related	-	\$ 104,293	\$ 104,293
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	\$ 28,987	\$ -	\$ 28,987
Salaries and benefits payable	79,032	-	79,032
Noncurrent Liabilities:			
Accrued compensated absences	-	62,494	62,494
<b>TOTAL LIABILITIES</b>	<b>108,019</b>	<b>\$ 62,494</b>	<b>\$ 170,513</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related	-	\$ 362,217	\$ 362,217
<b>FUND BALANCE/NET POSITION</b>			
Fund Balances:			
Nonspendable:			
Prepaid expenses	33,717	\$ (33,717)	\$ -
Unassigned	18,622,735	(18,622,735)	-
<b>TOTAL FUND BALANCES</b>	<b>18,656,452</b>	<b>(18,656,452)</b>	<b>-</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 18,764,471</b>	<b>27,894,053</b>	
Net Position:			
Net investment in capital assets		\$ 9,080,102	\$ 9,080,102
Unrestricted		18,813,951	18,813,951
<b>TOTAL NET POSITION</b>		<b>\$ -</b>	<b>\$ 27,894,053</b>

The accompanying notes are an integral part of this statement.

**DESOTO PARISH LIBRARY**

Mansfield, Louisiana

**Reconciliation of Fund Balance on the Balance Sheet for the Governmental Fund to  
Net Position of Governmental Activities on the Statement of Net Position**

December 31, 2022

<b>Fund Balance - Governmental Fund</b>	\$	18,656,452
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	9,080,101
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Certain deferred outflows are reported in the governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Deferred outflows-pension related	104,293
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund:

Accrued compensated absences	(62,494)
Deferred inflows-pension related	(362,217)
Net pension asset	477,918
	<hr/>

<b>Total Net Position of Government Activities</b>	\$	<u><u>27,894,053</u></u>
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The accompanying notes are an integral part of this statement.

**DESOTO PARISH LIBRARY**

Mansfield, Louisiana

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

For the year ended December 31, 2022

	Governmental Fund Financial Statements <u>Statement of Revenues, Expenditures, and Changes in Fund Balance</u>		Government-wide Statements <u>Statement of Activities</u>
	General Fund	Adjustments	
<b>EXPENDITURES/EXPENSES</b>			
Culture and Recreation:			
Personal services & related benefits	\$ 1,572,198	\$ (126,930)	\$ 1,445,268
Operating expenses	356,740	-	356,740
Material & supplies	134,568	-	134,568
Travel & other charges	2,819	-	2,819
Capital outlays	146,760	(146,760)	-
Depreciation	-	456,556	456,556
<b>TOTAL EXPENDITURES/EXPENSES</b>	<u>2,213,085</u>	<u>182,866</u>	<u>2,395,951</u>
<b>PROGRAM REVENUES</b>			
Charges for services	36,691	-	36,691
Operating grants and contributions	490	-	490
<b>TOTAL PROGRAM REVENUES</b>	<u>37,181</u>	<u>-</u>	<u>37,181</u>
<b>NET PROGRAM EXPENSE</b>	2,175,904	182,866	2,358,770
<b>GENERAL REVENUES</b>			
Sales and use tax	3,842,080	-	3,842,080
Investment earnings	(530,703)	-	(530,703)
Miscellaneous income	5,689	12,550	18,239
<b>TOTAL GENERAL REVENUES</b>	<u>3,317,066</u>	<u>12,550</u>	<u>3,329,616</u>
<b>NET CHANGE IN FUND BALANCE/ CHANGE IN NET POSITION</b>	1,141,162	(170,316)	970,846
<b>OTHER FINANCING SOURCES (USES):</b>			
Sale of assets/ Gain (loss) on sale of assets	1,787	-	1,787
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>1,787</u>	<u>-</u>	<u>1,787</u>
<b>EXCESS (Deficiency) of REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES(USES)/ CHANGE IN NET ASSETS</b>	1,142,949	(170,316)	972,633
<b>FUND BALANCE / NET POSITION</b>			
Beginning of the year	17,513,503		26,921,420
End of the year	<u>\$ 18,656,452</u>		<u>\$ 27,894,053</u>

The accompanying notes are an integral part of this statement.

**DESOTO PARISH LIBRARY**

Mansfield, Louisiana

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in  
Fund Balance of the Governmental Fund to the Statement of Activities**

For the year ended December 31, 2022

<b>Net change in Fund Balance - Governmental Fund</b>	<b>\$ 1,142,949</b>
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Governmental funds report capital outlays as expenditures. However in the Statement of Activities, the cost of the assets are capitalized and allocated over their estimated useful lives and reported as depreciation expense. Therefore, capital expenditures are not recorded in the statement of activities.

Capital outlays	146,760
Depreciation	(456,556)

In the Statement of Activities certain expenses do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Some revenues reported in the Statement of Activities do not provide current resources, and these are not reported as revenues in governmental funds. These timing differences are summarized below:

Pension benefit	127,156	
Non-employer contributions to cost-sharing pension plan	12,550	
Compensated absences	(226)	<u>139,480</u>

<b>Net change in Net Position</b>		<b>\$ <u>972,633</u></b>
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The accompanying notes are an integral part of this statement.

## NOTES TO THE FINANCIAL STATEMENTS

**DESOTO PARISH LIBRARY**  
**Mansfield, Louisiana**

**Notes to the Financial Statements**  
December 31, 2022

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Introduction

The DeSoto Parish Library (hereinafter referred to as the Library) with the main branch located in Mansfield, Louisiana, was created by the DeSoto Parish Police Jury under the provisions of Louisiana Revised Statute 23:211. In addition to the main branch, the DeSoto Parish Library has branches in Stonewall, Logansport, and Pelican.

The Library has eight commissioners who make up the Board of Control. The DeSoto Parish Police Jury appoints seven of the commissioners while the eighth member is the Police Jury President. The Police Jury President serves as an ex-officio member or may designate a Juror in their stead. They are not paid for these services.

The Library was created to provide the citizens of DeSoto Parish access to library materials, books, magazines, computers, videos and audio media.

**1. Summary of Significant Accounting Policies**

The DeSoto Parish Library's financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, issued in June 1999. The more significant accounting policies established in GAAP and used by the DeSoto Parish Library are discussed below.

**A. Financial Reporting Entity**

As the governing authority of the parish, for reporting purposes, the DeSoto Parish Police Jury is the financial reporting entity for DeSoto Parish. The Library is considered a component unit of the DeSoto Parish Police Jury because it appoints a voting majority of the Library's governing body. The accompanying financial statements present information only on the funds maintained by the Library and do not present information on the DeSoto Parish Police Jury, the general governmental services provided by that governmental unit or the other governmental units that comprise the financial reporting entity.

**B. Basis of Presentation**

*Government-Wide Financial Statements*

In accordance with Governmental Accounting Standards Boards Statement No. 34, the Library has presented a statement of net position and statement of activities for the Library as a whole. Government-wide financial statements are designed to provide a more comprehensive view of the Library's operations and financial position as a single economic entity.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**DESOTO PARISH LIBRARY**  
**Mansfield, Louisiana**

**Notes to the Financial Statements**  
December 31, 2022

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**1. Summary of Significant Accounting Policies (continued)**

**B. Basis of Presentation (continued)**

*Fund Financial Statements*

The daily accounts and operations of the Library are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Governmental activities presented as governmental funds for the Library consists only of the General Fund. The General Fund is the general operating fund of the Library. It accounts for all financial resources except those required to be accounted for in other funds. The General Fund is always a major fund.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the Government considers tax revenues to be available if they are collected within 30 days of the end of the current fiscal year, while intergovernmental (grant) revenues are considered available if received within 60 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**D. Cash**

Cash includes amounts in demand deposit, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those income-producing items with original maturities of usually 90 days or less. Under state law, the Library may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and any other state of the United States, or under the laws of the United States. Highly liquid debt instruments with original maturities of 91 days or less are classified as cash.

**E. Investments**

Investments are reported at fair value. All investments are traded on a national exchange and are valued at the last reported sales price at current exchange rates. There are no investments without an established market. Unrealized gains and losses on investments recorded at fair value are included in investment income (loss). Investment policies are governed by state statute.

**DESOTO PARISH LIBRARY**  
**Mansfield, Louisiana**

**Notes to the Financial Statements**  
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**1. Summary of Significant Accounting Policies (continued)**

**F. Accounts Receivable**

Management believes these receivables are collectible; therefore, no allowance is recorded for uncollectible amounts.

**G. Prepaid Expenses.**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**H. Capital Assets**

Capital assets, which include property, plant, equipment, and the library collection, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation.

The Library maintains a threshold level of \$2,500 or more for capitalizing capital assets for reporting purposes. The costs of normal maintenance and repairs that do not add to the value of that asset or materially extend the life of that asset are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation over the following useful lives:

Buildings and improvements	15-40 years
Furniture and Equipment	5-10 years
Library Collections	5 years

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

**I. Deferred Outflows/Inflows of Resources Related to Pensions**

The Statement of Net Position reports a separate section for deferred outflows and (or) deferred inflows of financial resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until the applicable period. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources until that time.

**J. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net positions of the Parochial Employees' Retirement System of Louisiana (the System) additions to/deductions from the System fiduciary net positions have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

**DESOTO PARISH LIBRARY**  
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**Notes to the Financial Statements**  
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**1. Summary of Significant Accounting Policies (continued)**

**K. Compensated Absences**

Vested or accumulated vacation leave or compensatory time earned that is expected to be liquidated with expendable available financial resources are reported as expenditures and a fund liability of the governmental fund that will pay it. Amounts of compensated absences not expected to be liquidated with expendable available financial resources are not reported in the fund financial statements. No accrued current expenditures are reported in the governmental funds, as the amounts are considered immaterial. The full liability and related costs are reported in the government-wide financial statements. The non-current portion represents a reconciling item between the fund and government-wide statements.

Employees of the Library earn 5 to 22 days of vacation leave depending on their length of service. No leave is earned, however, while on suspension or leave with pay status. Annual leave may be accumulated to a maximum of 5 to 22 days depending on the employees' length of service. Time in excess will be forfeited. Temporary employees and substitutes are not eligible for vacation time.

Regular full-time employees earn a certain amount of sick leave each year, depending upon their status and hours worked. Unused sick leave is allowed to accumulate without limit. Upon separation of employment, excluding retirement, no sick leave shall be paid to employees.

**L. Sales Taxes**

The DeSoto Parish Library has a one-fourth percent (¼%) sales and use tax approved by the voters of DeSoto Parish on May 16, 1981, for an indefinite period of time. The tax, after all reasonable and necessary costs for collection and administration, is to be dedicated and used for the purpose of constructing, acquiring, extending, improving, operating and/or maintaining the parish library, together with all necessary land, equipment, and furnishings.

**M. Use of Estimates**

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

**N. Fund Equity**

Net Position

In the government-wide financial statements equity (the difference between assets and liabilities) is classified as net position and is reported in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

**DESOTO PARISH LIBRARY**  
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**Notes to the Financial Statements**  
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**1. Summary of Significant Accounting Policies (continued)**

**N. Fund Equity (continued)**

- c. Unrestricted net position – Consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet the definition of “restricted” or “net investment in capital assets”.

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies unrestricted resources first, unless a determination is made to use restricted resources. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

Fund Balances

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Library is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. In the fund financial statement, governmental fund balance is presented in five possible categories:

- a. Nonspendable—resources which cannot be spent because they are either (a) not in spendable form (such as prepaid items); or (b) legally or contractually required to be maintained intact.
- b. Restricted—resources with constraints placed on the use of resources that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- c. Committed—resources which are subject to limitations or constraints to specific purposes the government imposes upon itself at its highest level of decision making (the Board of Control). These amounts cannot be used for any other purpose unless government takes the same highest level action to remove or change the constraint.
- d. Assigned—resources neither restricted nor committed for which the Board of Control has a stated intended use as established by the Library or a body or official to which the Board of Control has delegated the authority to assign amounts for specific purposes.
- e. Unassigned—resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount.

The Library establishes (and modifies and rescinds) fund balance commitments and assignments by passage of a resolution. The Library would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

**O. 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 the risk of loss including automobile liability, general liability, property damage, workers compensation, errors and omissions, and surety bonds. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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**Notes to the Financial Statements**  
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**2. Cash and Investments**

*Cash*

At December 31, 2022, the Library has cash and cash equivalents (book balances) totaling \$12,102,911 as follows:

Demand deposits	\$	9,655,850
Money market deposits		124,216
Certificates of Deposit		2,322,739
Petty cash		106
	\$	12,102,911

*Investments*

At December 31, 2022, the Library has the following investments and maturities:

Type of Investment	Fair Value	Investment Maturities (in Years)			
		Less than 1 year	1-5 Years	6-10 years	Over 10 years
U. S. Government Securities	5,149,555	\$ 272,823	\$ 3,741,498	\$ 505,979	\$ 629,255
Louisiana Assets Management Pool	604,582	604,582	-	-	-
	\$ 5,754,137	\$ 877,405	\$ 3,741,498	\$ 505,979	\$ 629,255

The U.S. government securities are stated at fair value based on market quotations. The investments in LAMP are stated at fair value based upon quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

The cash and investments of the DeSoto Parish Library are subject to the following risks:

**Custodial Credit Risk.** Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Library that the fiscal agent bank has failed to pay deposit funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Library's name.

At year end, the Library had collected bank balances of \$12,107,777, which were fully protected by \$374,216 of federal depository insurance and pledged securities with a market value of \$12,397,404 held by the custodial bank in the name of the Library.

**Interest Rate Risk:** This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. The Library does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, as a means of offsetting exposure to interest rate risk, the Library diversifies its investments by security type and institution.

**DESOTO PARISH LIBRARY**  
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**Notes to the Financial Statements**  
December 31, 2022

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**2. Cash and Investments (continued)**

*Credit Risk:* Generally, credit risk is the risk that the issuer of a debt type investment will not fulfill its obligation to the holder of the investment. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The Library's investments comply with Louisiana Statutes (LSAR.S. 33:2955). Under state law, the Library may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Library may invest in United States bonds, treasury notes and bills, government-backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks organized under Louisiana law and national banks having principal offices in Louisiana.

Investments held at December 31, 2022, include \$604,582 invested with the Louisiana Asset Management Pool (LAMP), a local government investment pool. The Louisiana Asset Management Pool is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

*Realized Gains and Losses*

During 2020, the Library realized a net loss of \$345 from the sale of investments. The calculation of realized gains is independent of the calculation of the net increase in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year. The unrealized loss on investments held at year-end was \$633,695.

**3. Accounts Receivable**

The following is a summary of the receivables at December 31, 2022:

Sales Tax	\$	845,413
Charges for services		446
Sales of library collection		13
Total Accounts Receivable	\$	<u>845,872</u>

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**Notes to the Financial Statements**  
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**4. Capital Assets**

Capital asset activity for the year ended December 31, 2022, was as follows:

	Ending Balance 2021	Increases	Decreases/ reclassifications	Ending Balance 2021
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 172,072	\$ -	\$ -	\$ 172,072
Total assets not being depreciated	<u>172,072</u>	<u>-</u>	<u>-</u>	<u>172,072</u>
Capital assets being depreciated:				
Buildings and improvements	12,093,983	12,517	-	12,106,500
Machinery and equipment	120,660	4,434	(16,669)	108,425
Furniture and fixtures	574,810	-	-	574,810
Library collection	2,445,025	129,809	(39,210)	2,535,624
Total capital assets being depreciated	<u>15,234,478</u>	<u>146,760</u>	<u>(55,879)</u>	<u>15,325,359</u>
Less accumulated depreciation for:				
Buildings and improvements	3,346,701	314,956	-	3,661,657
Machinery and equipment	97,692	6,654	(16,669)	87,677
Furniture and fixtures	532,689	-	-	532,689
Library collection	2,039,571	134,946	(39,210)	2,135,307
Total accumulated depreciation	<u>6,016,653</u>	<u>456,556</u>	<u>(55,879)</u>	<u>6,417,330</u>
Capital assets being depreciated, net	<u>9,217,825</u>			<u>8,908,029</u>
Governmental activities capital assets, net	<u>\$ 9,389,897</u>			<u>\$ 9,080,101</u>

Depreciation expense charged to culture and recreation is \$456,556 for the year ended December 31, 2022.

**5. Pension Plan - Parochial Employees' Retirement System (PERS)**

*Plan Description.* The Library contributes to PERS, under Plan B, which is a cost-sharing, multiple-employer defined benefit pension plan established by Act 205 of the 1952 regular session of the Legislature of the State of Louisiana to provide 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. Plan B was designated for employees that remained in Social Security on the revision date. Sections 1901 through 2025 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:1901-2025) and other general laws of the State of Louisiana govern PERS. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System, which can be obtained at [www.persla.org](http://www.persla.org).

All permanent library employees working at least 28 hours per week shall become members in the System on their date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate. As of January 1997, elected officials, except coroners, justices of the peace, and parish presidents may no longer join PERS.

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**Notes to the Financial Statements**  
December 31, 2022

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**5. Pension Plan - *Parochial Employees' Retirement System (PERS)* (continued)**

*Benefits Provided.* The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Retirement.

Any member of Plan B can retire providing he/she meets one of the following criteria:

For employees hired prior to January 1, 2007:

At age 55	after 30 years of creditable service
At age 60	after 10 years of creditable service
At age 65	after 7 years of creditable service

For employees hired after January 1, 2007:

At age 55	after 30 years of creditable service
At age 62	after 10 years of creditable service
At age 67	after 7 years of creditable service

Generally, the monthly amount of the retirement allowance of any member of Plan B shall consist of an amount equal to two percent of the member's final average compensation multiplied by his/her years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

Survivor's Benefits

Plan B members need ten (10) years of service credit to be eligible for survivor benefits. Upon the death of any member of Plan B with twenty (20) or more years of creditable service who is not eligible for normal retirement, the plan provides for an automatic Option 2 benefit for the surviving spouse when he/she reaches age 50 and until remarriage, if the remarriage occurs before age 55.

A surviving spouse who is not eligible for Social Security survivorship or retirement benefits, and married not less than twelve (12) months immediately preceding death of the member, shall be paid an Option 2 benefit beginning at age 50.

Disability Benefits

For Plan B, a member shall be eligible to retire and receive a disability benefit if he/she was hired prior to January 1, 2007, and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of an amount equal to two percent of the member's final average compensation multiplied by his years of service, to age 60 for those members who are enrolled prior to January 1, 2007 and to age 62 for those members who are enrolled January 1, 2007 and later.

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**Notes to the Financial Statements**  
December 31, 2022

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**5. Pension Plan - *Parochial Employees' Retirement System (PERS)* (continued)**

Cost-of-Living Increases

The Board is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age sixty-five equal to 2% of the member's benefit paid on October 1, 1977, (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older (LA R.S. 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

Deferred Retirement Option Plan

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for PERS. DROP is an option for that member who is eligible for normal retirement.

In lieu of terminating employment and accepting a service retirement, any member of Plan A or B who is eligible to retire may elect to participate in DROP in which they enrolled for three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his/her option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account.

Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date.

For individuals who become eligible to participate in DROP on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in the Plan will be placed in liquid asset money market investments at the discretion of the board of trustees. These subaccounts may be credited with interest based on money market rates of return or, at the option of PERS, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of the Plan must agree that the benefits payable to the participant are not the obligations of the state or PERS, and that any returns and other rights of the Plan are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

Employer Contributions.

According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2021, the actuarially determined contribution rate was 7.07% of member's compensation for Plan B. However, the actual rate for the fiscal year ending December 31, 2021 was 7.5%.

According to state statute, PERS also receives  $\frac{1}{4}$  of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. PERS also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities. The non-employer contribution was \$12,550.

**DESOTO PARISH LIBRARY**  
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**Notes to the Financial Statements**  
December 31, 2022

**5. Pension Plan - Parochial Employees' Retirement System (PERS) (continued)**

The Library's contractually required composite contribution rate for the year ended December 31, 2022, was 7.5% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the Library were \$74,985, \$73,263 and \$73,909 for the years ended December 31, 2022, 2021, and 2020, respectively.

***Pension Liabilities/Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.***

At December 31, 2022, the Library reported an asset of \$477,918 for its proportionate share of the Net Pension Liability. The Net Pension Liability 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 share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2021, the Library's proportion was .85524%, which was an increase of .00699% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the Library recognized a pension benefit of \$127,156 plus or minus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions.

At December 31, 2022, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	9,081	50,791
Changes of assumptions	19,199	-
Net difference between projected and actual earnings on pension plan investments	-	311,347
Changes in proportion and differences between employer contributions and proportionate share of contributions	32	-
Differences between contributions remitted to the system and the employer's proportionate share recognized in pension expense	996	79
Employer contributions subsequent to the measurement date	74,985	-
Total	\$ 104,293	\$ 362,217

The deferred outflows of resources related to pensions resulting from the DeSoto Parish Library's contributions subsequent to the measurement date in the amount of \$74,985 will be recognized as a reduction of the net pension liabilities in the year of December 31, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ended December 31	
2022	(67,921)
2023	(138,200)
2024	(93,372)
2025	(33,416)
Total	(332,909)

**DESOTO PARISH LIBRARY**  
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**Notes to the Financial Statements**  
December 31, 2022

**5. Pension Plan - Parochial Employees' Retirement System (PERS) (continued)**

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2022, is as follows:

Valuation Date	December 31, 2021
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Life	4 Years
Investment Rate of Return	6.40%, net of investment expense, including inflation
Projected Salary Increases	4.25%
Mortality Rates	Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females using MP2018 scale for employees. Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females using MP2018 scale for annuitant and beneficiary mortality. Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale for disabled annuitants.
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.
Inflation Rate	2.30%

The discount rate used to measure the total pension liability was 6.40% for Plan B. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contributions rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using 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 rates of return by the target asset allocation percentage and by adding expected inflation of 2.10% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.00% for the year ended December 31, 2021.

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**Notes to the Financial Statements**  
December 31, 2022

**5. Pension Plan - Parochial Employees' Retirement System (PERS) (continued)**

Best estimates of arithmetic real rates of return for each major class included in the System's target asset allocation as of December 31, 2021, are summarized in the following table:

Asset Class	Target Asset Allocation	Long-term Expected Portfolio Real Rate of Return
Fixed Income	33.00%	0.85%
Equity	51.00%	3.23%
Alternatives	14.00%	0.71%
Real assets	2.00%	0.11%
	<u>100.00%</u>	<u>4.90%</u>
Inflation		2.10%
Expected Arithmetic Nominal Return		<u>7.00%</u>

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2013 through December 31, 2017. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality. As a result of this study, mortality for employees was set equal to the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale. In addition, mortality for annuitants and beneficiaries was set equal to the Pub-2010 Public Retirement plans Mortality Table for Healthy Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale. For Disabled annuitants mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale.

**Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the Library's proportionate share of the Net Pension Liability using the discount rate of 6.4%, as well as what the Library's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower (5.4%) or one percentage-point higher (7.4%) than the current rate:

	1% decrease 5.4%	Current Discount Rate 6.4%	1% Increase 7.4%
Employer's proportionate share of net pension liability	\$ (41,272)	\$ (477,918)	\$ (843,072)

**6. Compensated Absences**

Compensated absences represent accumulated and vested employee leave benefits computed in accordance with GASB Codification Section C60. For the portion of the salaries paid by the DeSoto Parish Library, the cost of current leave privileges, computed in accordance with GASB Codification Section C60 is recognized as current-year expenditure in the governmental funds when leave is actually taken. As of December 31, 2022, the Library's compensated absences payable amounted to 2,329 hours with a resulting liability of \$62,494.

**DESOTO PARISH LIBRARY**  
**Mansfield, Louisiana**

**Notes to the Financial Statements**  
December 31, 2022

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**7. Subsequent Events**

Management has evaluated subsequent events through June, which is the date the financial statements were available to be issued and determined that no events occurred that require disclosure. No events occurring after this date have been evaluated for inclusion in these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION  
(PART II)

**DESOTO PARISH LIBRARY**  
Mansfield, Louisiana

**BUDGETARY COMPARISON SCHEDULE -- GENERAL FUND**

For the Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive(Negative)
<b>REVENUES</b>				
Sales and use tax	\$ 2,277,969	\$ 2,277,969	\$ 3,842,080	\$ 1,564,111
Ad valorem tax	-	-	-	
Charges for services	25,812	25,812	36,691	10,879
Operating grants and contributions	500	500	490	(10)
Investment earnings	160,626	160,626	(530,703)	(691,329)
Miscellaneous	-	-	5,689	5,689
<b>TOTAL REVENUES</b>	<u>2,464,907</u>	<u>2,464,907</u>	<u>3,354,247</u>	<u>883,651</u>
<b>EXPENDITURES</b>				
Personal services & related benefits	1,741,296	1,741,296	1,572,198	169,098
Operating expenses	312,448	312,448	356,740	(44,292)
Material & supplies	141,046	141,046	134,568	6,478
Travel & other charges	2,600	2,600	2,819	(219)
Capital outlays	255,750	255,750	146,760	108,990
<b>TOTAL EXPENDITURES</b>	<u>2,453,140</u>	<u>2,453,140</u>	<u>2,213,085</u>	<u>240,055</u>
<b>NET CHANGE IN FUND BALANCE</b>	11,767	11,767	1,141,162	1,123,706
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of assets	-	-	1,787	1,787
<b>TOTAL OTHER FINANCING SOURCES AND (USES)</b>	<u>-</u>	<u>-</u>	<u>1,787</u>	<u>1,787</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES</b>	11,767	11,767	1,142,949	1,125,493
<b>FUND BALANCE</b>				
Beginning of the year	17,513,503	17,513,503	17,513,503	-
End of the year	<u>\$ 17,525,270</u>	<u>\$ 17,525,270</u>	<u>\$ 18,656,452</u>	<u>1,125,493</u>

See independent auditor's report and accompanying notes to required supplementary information.

**DESOTO PARISH LIBRARY**  
**Mansfield, Louisiana**

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**

For year ended December 31, 2022

Year	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability
Parochial Employees' Retirement System (PERS) Plan B					
2022	0.85524%	\$ (477,918)	\$ 976,836	-49%	114.20%
2021	0.86223%	\$ (221,358)	\$ 985,450	-22%	106.76%
2020	0.84426%	\$ (61,079)	\$ 937,980	-7%	102.05%
2019	0.82078%	\$ 221,747	\$ 858,662	26%	91.9%
2018	0.79500%	\$ (100,027)	\$ 806,188	-12%	104.0%
2017	0.89536%	\$ 116,314	\$ 891,951	13%	95.5%
2016	0.75908%	\$ 135,150	\$ 946,797	14%	93.5%
2015	1.04105%	\$ 2,891	\$ 954,630	0.30%	99.9%

*\*Amounts presented were determined as of the measurement date of the net pension plan.*

See independent auditor's report and accompanying notes to required supplementary information.

**DESOTO PARISH LIBRARY**  
**Mansfield, Louisiana**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN**

For year ended December 31, 2022

Year	Statutorily Required Contributions	Contributions in Relation to Statutorily Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
Parochial Employees' Retirement System (PERS)					
2022	\$ 74,985	\$ 74,985	\$ -	\$ 999,803	7.5%
2021	\$ 73,263	\$ 73,263	\$ -	\$ 976,836	7.5%
2020	\$ 73,909	\$ 73,909	\$ -	\$ 985,450	7.5%
2019	\$ 70,349	\$ 70,349	\$ -	\$ 937,980	7.5%
2018	\$ 64,400	\$ 64,400	\$ -	\$ 858,662	7.5%
2017	\$ 64,495	\$ 64,495	\$ -	\$ 806,188	8.0%
2016	\$ 71,356	\$ 71,356	\$ -	\$ 891,951	8.0%
2015	\$ 85,412	\$ 85,412	\$ -	\$ 946,797	9.0%

\*Amounts presented were determined as of the end of the fiscal year.

See independent auditor's report and accompanying notes to required supplementary information.

**DESOTO PARISH LIBRARY**  
**Mansfield, Louisiana**

Notes to Required Supplementary Information  
As of and for the Year ended December 31, 2022

Budgetary Information

The Library uses the following budget practices:

The proposed budget for the General Fund is prepared on the modified accrual basis of accounting and is made available for public inspection at least fifteen days prior to the beginning of each fiscal year. The budget is then legally adopted by the Library and amended during the year, as necessary. The budget is established and controlled by the Library at the object level of expenditure. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. All changes or amendments to the budget must be approved by the Library Board.

Formal budgetary integration is employed as a management control device during the year, and encumbrance accounting is not used by the Library. The budget was not amended during the year.

The Louisiana Local Government Budget Act provides that "the total proposed expenditures shall not exceed the total of estimated funds available for the ensuing year." The "total estimated funds available" is the sum of the respective estimated fund balances at the beginning of the year and the anticipated revenues for the current year. Amendments to the adopted budget are required if total revenues fail to meet budgeted revenues by 5% or more, and/or total actual expenditures exceed total budgeted expenditures by 5% of more. Total revenues were more than budgeted revenues. Actual expenditures were less than budgeted amounts. The DeSoto Library is in compliance with the Local Government Budget Act.

Pension Information

The schedule of the Library's proportionate share of the net pension liability and the schedule of the Library's pension contributions are intended to show information for 10 years. Additional years will be displayed as they become available. There were no changes of benefit terms for the year ended December 31, 2022.

Changes of Assumptions:

Year ended June 30,	Discount rate	Investment rate of return	Inflation rate	Expected remaining lives	Projected salary increase
2015	7.25%	7.25%	2.3%	4 years	5.75%
2016	7.0%	7.0%	2.5%	4 years	5.25%
2017	7.0%	7.0%	2.5%	4 years	5.25%
2018	6.75%	6.75%	2.5%	4 years	5.25%
2019	6.5%	6.5%	2.4%	4 years	4.25%
2020	6.5%	6.5%	2.4%	4 years	4.25%
2021	6.4%	6.4%	2.3%	4 years	4.25%
2022	6.4%	6.4%	2.3%	4 years	4.25%

## OTHER SUPPLEMENTAL INFORMATION

**DESOTO PARISH LIBRARY**  
Mansfield, Louisiana

**Schedule of Compensation, Benefits and Other Payments  
to Agency Head or Chief Executive Officer**  
For the year ended December 31, 2022

Purpose:	Delbert Terry
	<u>Director</u>
Salary	\$ 89,669
Benefits- insurance	22,182
Benefits- retirement	8,200
Benefits- Social Security/ Medicare	6,350
Car Allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	958
Membership dues	54
Conferences and seminars	428
Continuing professional education fees	-
Cell phone	-
Unvouchered expenses	-
Special meals	-
Total	<u>\$ 127,841</u>

This schedule is included as required by Louisiana R.S. 24:513(A)(3).

See independent auditor's report.

**OTHER REPORTS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

The following independent auditor's report on internal control over financial reporting and on compliance and other matters is presented in compliance with requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States.



## Dees Gardner, Certified Public Accountants, LLC

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### **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  
DeSoto Parish Library  
Mansfield, 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 and the *Louisiana Governmental Audit Guide*, the financial statements of the governmental activities and the major fund of the DeSoto Parish Library, a component unit of the DeSoto 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 DeSoto Parish Library's basic financial statements and have issued our report thereon dated June 29, 2023.

#### Internal Control over Financial Reporting

In planning and performing our audit, we considered the DeSoto Parish Library's internal control over financial reporting 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 DeSoto Parish Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the DeSoto Parish 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, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity'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 material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Report on Compliance and Other Matters

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

### **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 Library's internal control or on compliance. This report is an integral part of any 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. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 21:513 this report is a public document.

*Dees Gardner, Certified Public Accountants, LLC*

Mansfield, Louisiana  
June 29, 2023

**DESOTO PARISH LIBRARY  
Mansfield, Louisiana**

**Schedule of Findings  
For the Year Ended December 31, 2022**

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**A. SUMMARY OF AUDIT RESULTS**

The following summarize the audit results in accordance with Uniform Guidance:

1. An unmodified opinion was issued on the financial statements of the DeSoto Parish Library as of and for the year ended December 31, 2022.
2. The audit disclosed no instances of material weakness in internal control.
3. The audit disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**B. FINDINGS IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The following finding relates to the financial statements and is required to be reported in accordance with *Government Auditing Standards*.

Internal Control-

None identified.

Compliance-

None identified.

**DESOTO PARISH LIBRARY  
Mansfield, Louisiana**

**Schedule of Prior Year Findings  
For the Year Ended December 31, 2022**

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None.

## OTHER REPORT



# Dees Gardner, Certified Public Accountants, LLC

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## Independent Accountant's Report On Applying Agreed-Upon Procedures

To the DeSoto Parish Library  
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the DeSoto Parish Library (the Library) 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 Library's management is responsible for those C/C areas identified in the SAUPs.

The 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 associated findings are as follows:

### 1) **Written Policies and Procedures**

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- A. Obtain and inspect the entity's written policies and procedures and observe that 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.  
*No exceptions were noted as a result of this procedure.*
  - 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.  
*No exceptions were noted as a result of this procedure.*
  - iii. **Disbursements**, including processing, reviewing, and approving.  
*No exceptions were noted as a result of this procedure.*
  - 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.  
*No exceptions were noted as a result of this procedure.*
  - v. **Payroll/Personnel**, including (1) payroll processing, and (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.  
*No exceptions were noted as a result of this procedure.*
  - 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.  
*No exceptions were noted as a result of this procedure.*

- vii. **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.  
*No exceptions were noted as a result of this procedure.*
- viii. **Credit Cards (and debit cards, fuel cards, P-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).  
*No exceptions were noted as a result of this procedure.*
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.  
*No exceptions were noted as a result of this procedure.*
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.  
*No exceptions were noted as a result of this procedure.*
- 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.  
*No exceptions were noted as a result of this procedure.*
- xii. **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.  
*No exceptions were noted as a result of this procedure.*

## **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:  
*Obtained and inspected the board minutes for the fiscal period, as well as the board's enabling legislation and bylaws in effect during the fiscal period.*
  - 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.  
*No exceptions were noted as a result of this procedure.*
  - 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.  
*Meeting minutes do not specifically site budget-to-actual comparisons. Budget-to-actual comparisons accompany all copies of minutes.*
  - 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.

*Section not applicable to entity.*

- 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.

*Section not applicable to entity.*

**Management's response: Budget-to-actual comparisons are presented at the meetings and reviewed. We will begin stating this in the minutes.**

### **3) Bank Reconciliations**

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- A. Obtain a listing of client 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 selected each account, and observe that:

*A listing of client bank accounts from management and management's representation that the listing is complete were obtained. The main operating account and 1 additional account (LAMP) was selected for review.*

- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

*No exceptions were noted as a result of this procedure.*

- ii. Bank reconciliations include 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

*No exceptions were noted as a result of this procedure.*

- iii. Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

*The entity had four outstanding item for more than 12 months.*

**Management's response: The outstanding items on the bank reconciliations will be monitored more closely for older outstanding items and researched.**

### **4) Collections (excluding EFTs)**

---

- 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).

*A listing of deposit sites for the fiscal period and management's representation that the listing is complete were obtained. The only deposit site of the entity was selected.*

- 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 (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, 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:

*A listing of collection locations and management's representation that the listing is complete was obtained. The only collection location of the entity was selected.*

- i. Employees that are responsible for cash collections do not share cash drawers/registers.

*The entity employees share cash drawers at each of the location sites.*

- ii. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

*No exceptions were noted as a result of this procedure.*

- iii. Each employee responsible for collecting cash is not 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.

*No exceptions were noted as a result of this procedure.*

- 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 are not responsible for collecting cash, unless another employee verifies the reconciliation.

*No exceptions were noted as a result of this procedure.*

**Management's response: Policies will be put in place that at least two employees at each location reconcile and sign off on the cash in the drawers before sending to the main location for deposit.**

- 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.

*No exceptions were noted as a result of this procedure.*

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3A under "Bank Reconciliations" above (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). Obtain supporting documentation for each of the 10 deposits and:

*Only one bank account under procedure #3 had applicable deposits to test under this section. Two random deposits were selected for testing.*

- i. Observe that receipts are sequentially pre-numbered.

*Section not applicable to entity.*

- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

*No exceptions were noted as a result of this procedure.*

- iii. Trace the deposit slip total to the actual deposit per the bank statement.

*No exceptions were noted as a result of this procedure.*

- 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).

*No exceptions were noted as a result of this procedure.*

- v. Trace the actual deposit per the bank statement to the general ledger.

*No exceptions were noted as a result of this procedure.*

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

- 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).

*A listing of locations that process payments for the fiscal period and management's representation that the listing is complete were obtained. The only location of the entity was selected.*

- B. For each location selected under #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, 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/making the purchase.  
*No exceptions were noted as a result of this procedure.*
  - ii. At least two employees are involved in processing and approving payments to vendors.  
*No exceptions were noted as a result of this procedure.*
  - 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.  
*No exceptions were noted as a result of this procedure.*
  - 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.  
*No exceptions were noted as a result of this procedure.*
  - 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.  
*No exceptions were noted as a result of this procedure.*
- C. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population 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 that the disbursement matched the related original invoice/billing statement.  
*No exceptions were noted as a result of this procedure.*
  - ii. Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.  
*No exceptions were noted as a result of this procedure.*
- 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.  
*No exceptions were noted as a result of this procedure.*

## **6) Credit Cards/Debit Cards/Fuel Cards/P-Cards**

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- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-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.  
*A listing of active cards for the fiscal period and management's representation that the listing is complete were obtained.*

- 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:

*A random monthly statement for the most frequently used card of the entity was selected for review.*

- i. Observe that 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) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.

*No exceptions were noted as a result of this procedure.*

- ii. Observe that finance charges and late fees were not assessed on the selected statements.

*No exceptions were noted as a result of this procedure.*

- C. Using the monthly statements or combined statements selected under #12 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 (i.e. each card should have 10 transactions subject to testing). 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 note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

*No exceptions were noted as a result of this procedure.*

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

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- 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, 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:

*A listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing is complete were obtained.*

- i. If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).

*No exceptions were noted as a result of this procedure.*

- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

*No exceptions were noted as a result of this procedure.*

- 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.

*No exceptions were noted as a result of this procedure*

- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*No exceptions were noted as a result of this procedure.*

## 8) Contracts

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- 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. *Alternately, 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:

*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 and management's representation that the listing is complete were obtained.*

- i. Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

*No applicable contracts were observed.*

- ii. Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

*No exceptions were noted as a result of this procedure.*

- iii. If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

*No exceptions were noted as a result of this procedure.*

- 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 were noted as a result of this procedure.*

## 9) Payroll and Personnel

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- A. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

*A listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete were obtained. The five employees of the entity selected for review.*

- B. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #9A above, obtain attendance records and leave documentation for the pay period, and:

- i. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

*No exceptions were noted as a result of this procedure.*

- ii. Observe that supervisors approved the attendance and leave of the selected employees/officials.

*No exceptions were noted as a result of this procedure.*

- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

*No exceptions were noted as a result of this procedure.*

- iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

*No exceptions were noted as a result of this procedure.*

- C. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

*No exceptions were noted as a result of this procedure.*

- D. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

*No exceptions were noted as a result of this procedure.*

## **10) Ethics**

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- A. Using the 5 randomly selected employees/officials from procedure #9A under "Payroll and Personnel" above obtain ethics documentation from management, and:

- i. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the calendar year as require by R.S. 42:1170.

*One exception was noted as a result of this procedure.*

- 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.

*No exceptions were noted as a result of this procedure.*

- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

*No exceptions were noted as a result of this procedure.*

***Management's response: The one employee missing ethics training was employed part-time as a custodian for a total of 95 days. The ethics designee will be more diligent in making sure part-time employees have the required ethics training.***

## **11) Debt Service**

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- A. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

*Section not applicable to entity.*

- 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).

*Section not applicable to entity.*

## **12) Fraud Notice**

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- 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.

*No misappropriations reported by entity.*

- 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 were noted as a result of this procedure.*

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

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- A. Perform the following procedures:

- 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 no written documentation, 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**

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- A. Using the 5 randomly selected employees/officials from procedure #9A under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe 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.

*One exception was noted as a result of this procedure.*

- B. Observe 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).

*No exceptions were noted as a result of this procedure.*

- 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 it 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;  
*100%.*
- ii. Number of sexual harassment complaints received by the agency;  
*0.*
- iii. Number of complaints which resulted in a finding that sexual harassment occurred;  
*0.*
- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

- 0.
- v. Amount of time it took to resolve each complaint.
- 0.

***Management's response: The one employee missing ethics training was employed part-time as a custodian for a total of 95 days. The designee will be more diligent in making sure part-time employees have the required sexual harassment training.***

We were engaged by the 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 Library and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

The purpose of this report is 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.

*Dees Gardner, Certified Public Accountants, LLC*

Mansfield, LA  
June 29, 2023