

ALLEN PARISH LIBRARY

Financial Report

Year Ended December 31, 2021

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ALLEN PARISH LIBRARY

Management's Discussion and Analysis

Within this section of the Allen Parish Library's (the Library) annual financial report, the Library's management is pleased to provide this narrative discussion and analysis of the financial activities of the Library for the fiscal year ended December 31, 2021. The Library's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FINANCIAL HIGHLIGHTS

- The Library's assets exceeded its liabilities by \$4,556,853 (net position) for the fiscal year reported.
- Total revenues of \$1,432,124 exceeded total expenses of \$1,293,751 which resulted in a current year surplus of \$138,373. In comparison, for the previous year ended December 31, 2020, the Library's total revenues of \$1,352,101 exceeded total expenses of \$1,193,897, yielding a surplus of \$158,204.
- Total net position is comprised of the following:
 - (1) Investment in capital assets, net of related debt, of \$2,543,962 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt, if applicable, related to the purchase or construction of capital assets. In comparison, as of December 31, 2020, the Library's net capital assets were \$2,651,287.
 - (2) Unrestricted net position, representing the portion of net position available to maintain the Library's continuing obligations to citizens and creditors, amounted to a surplus of \$2,012,891 and \$1,819,853 for the fiscal years ended December 31, 2021 and 2020, respectively.
- The Library's governmental funds reported total ending fund balance of \$2,099,332 this year. This compares to the prior year ending fund balance of \$1,876,686 reflecting an increase of \$222,646 during the current year. For the prior year ended December 31, 2020, an increase of \$300,771 was reported in the total ending fund balance. All positive fund balances are non-spendable or unassigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was a surplus of \$2,069,179, or 169% of total General Fund expenditures and 143% of total General Fund revenues including other financing sources. In comparison, for the fiscal year ended December 31, 2020, unassigned fund balance for the General Fund was a surplus of \$1,857,733, or 176% of total General Fund expenditures and 137% of total General Fund revenues including other financing sources.
- Overall, the Library improved on a strong financial position and is continuing to work to improve on this financial position.

ALLEN PARISH LIBRARY

Management's Discussion and Analysis (Continued)

OVERVIEW OF FINANCIAL STATEMENTS

This Management's Discussion and Analysis document introduces the Library's basic financial statements, which include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Library also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when available.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Library's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Library's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Position*. This is the government-wide statement of position presenting information that includes all of the Library's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Library as a whole is improving or deteriorating. Evaluation of the overall health of the Library would extend to other non-financial factors such as diversification of the taxpayer base, or the condition of Library infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the Library's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Library's distinct activities or functions on revenues provided by the Library's taxpayers.

Government-wide financial statements reflect governmental activities of the Library that are primarily supported by ad valorem taxes. Governmental activities principally include the operation of three libraries in Allen Parish. The government-wide financial statements are presented on pages 16 and 17 of this report.

FUND FINANCIAL STATEMENTS

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Library uses funds to ensure and demonstrate compliance with finance-related laws and regulations.

ALLEN PARISH LIBRARY

Management's Discussion and Analysis (Continued)

The Library has one kind of fund:

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

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 19 through 22 of this report.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the basic financial statements begin on page 23 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information consisting of (1) the management's discussion and analysis (on pages 3 – 10), (2) the budgetary comparison statement which demonstrates compliance with the Library's adopted and final revised budgets (on page 44), (3) the schedule of the Library's proportionate share of net pension liability (asset) for the Parochial Employees' Retirement System (PERS) (on page 45), and (4) the related schedule of pension plan contributions (on page 46).

This report also presents other supplementary information including the schedule of compensation paid to the Board of Control members (on page 49) and the schedule of compensation, benefits and other payments to the chief executive officer (on page 50).

ALLEN PARISH LIBRARY

Management's Discussion and Analysis (Continued)

FINANCIAL ANALYSIS OF THE LIBRARY AS A WHOLE

The Library's net position at fiscal year-end was \$4,556,853. The following table provides a summary of the Library's net position:

	<u>2021</u>		<u>2020</u>	
Assets:				
Current assets	\$ 2,235,254	46%	\$ 1,961,347	43%
Net pension asset	84,178	2	-0-	0
Capital assets, net	<u>2,543,962</u>	<u>52</u>	<u>2,651,287</u>	<u>57</u>
 Total assets	 4,863,394	 <u>100%</u>	 4,612,634	 <u>100%</u>
 Deferred outflows of resources	 <u>90,852</u>	 <u>100%</u>	 <u>78,597</u>	 <u>100%</u>
 Total assets and deferred outflows of resources	 <u>4,954,246</u>		 <u>4,691,231</u>	
Liabilities:				
Current liabilities	90,370	43%	23,795	27%
Long-term liabilities	<u>119,876</u>	<u>57</u>	<u>63,798</u>	<u>73</u>
 Total liabilities	 210,246	 <u>100%</u>	 87,593	 <u>100%</u>
 Deferred inflows of resources	 <u>187,147</u>	 <u>100%</u>	 <u>132,498</u>	 <u>100%</u>
 Total liabilities and deferred inflows of resources	 <u>397,393</u>		 <u>220,091</u>	
Net position:				
Investment in capital assets, net of related debt	2,543,962	56%	2,651,287	59%
Unrestricted	<u>2,012,891</u>	<u>44</u>	<u>1,819,853</u>	<u>41</u>
 Total net position	 \$ <u>4,556,853</u>	 <u>100%</u>	 \$ <u>4,471,140</u>	 <u>100%</u>

The Library improved on previously strong current ratios. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio is 24.73 to 1 for governmental activities. This compares with the prior year's ratio of 82.43 to 1.

The Library reported positive balances in net position for governmental activities. For the fiscal years ended December 31, 2021 and 2020, respectively, net position increased (decreased) by \$138,373 and \$158,204 for governmental activities. The Library's overall financial position improved during the fiscal year ended in December 31, 2021.

ALLEN PARISH LIBRARY

Management's Discussion and Analysis (Continued)

Note that approximately 56% and 59% of the governmental activities' net position are tied up in capital assets as of December 31, 2021 and December 31, 2020, respectively. The Library uses these capital assets to provide services to its citizens.

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

	2021		2020	
Program Revenues				
Charges for services	\$ 6,995	1%	\$ -0-	-%
Capital grants and contributions	34,771	2%	6,775	-%
General Revenues:				
Ad valorem taxes	1,330,628	93	1,264,936	94
State revenue sharing	55,850	4	55,578	4
Interest	674	-	10,089	1
Miscellaneous	3,206	-	10,313	1
Non-employer pension contributions	-	-	4,410	-
Total revenues	1,432,124	<u>100%</u>	1,352,101	<u>100%</u>
Expenses:				
Program expenses:				
Culture and recreation	<u>1,293,751</u>	<u>100</u>	<u>1,193,897</u>	<u>100</u>
Total expenses	<u>1,293,751</u>	<u>100%</u>	<u>1,193,897</u>	<u>100%</u>
Change in net position	138,373		158,204	
Beginning net position	<u>4,471,140</u>		<u>4,312,936</u>	
Prior period adjustment	(52,660)		-0-	
Ending net position	<u>\$4,418,480</u>		<u>\$4,471,140</u>	

GOVERNMENTAL REVENUES

The Library is heavily reliant on ad valorem taxes to support governmental operations. Ad valorem taxes accounted for 93% of the revenues for governmental activities, as compared with 94% in the prior year. Also note that the Library had \$41,766 and \$6,775 in program revenues, respectively, in 2021 and 2020 to fund governmental operating expenses. This means that the government's taxpayers and the Library's general revenues fund over 99% (99% in the prior fiscal year) of the governmental activities. As a result, the general economy and the local businesses have a major impact on the Library's revenue streams.

GOVERNMENTAL FUNCTIONAL EXPENSES

For the fiscal years ended December 31, 2021 and 2020, culture and recreation comprised 100% of the Library's total expenses and governmental expenditures.

ALLEN PARISH LIBRARY

Management's Discussion and Analysis (Continued)

FINANCIAL ANALYSIS OF THE LIBRARY'S FUNDS

Governmental Funds

As discussed, the governmental fund is reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. The governmental fund reported ending fund balances of \$2,099,332 and \$1,876,686 for the fiscal years ended December 31, 2021 and 2020, respectively. Of the year-end total fund balance for December 31, 2021, \$2,069,179 was unassigned, indicating availability for continuing Library service requirements, and \$30,153 was non-spendable.

The total ending fund balance of the governmental fund reflects an increase of \$222,646. This compares with a increase of \$300,771 experienced in the prior fiscal year ended December 31, 2021.

Major Governmental Funds

The General Fund is the Library's primary operating fund and the only source of day-to-day service delivery. The General Fund's fund balance increased by \$222,646 in the current fiscal year, while in the fiscal year ended December 31, 2020, the fund balance increased by \$300,771.

Revenues increased \$88,208 or 6% more than the prior year, primarily reflecting increases in ad valorem tax and grant revenues. Expenditures increased \$166,333 or 16% more than the prior year, primarily due to increases in capital outlay, salaries and various operating expenses.

The General Fund's ending fund balance was \$2,099,332 representing the equivalent of 171% of its annual expenditures and 145% of its annual revenues including other financing sources.

BUDGETARY HIGHLIGHTS

Both the revenue and the expenditure sides of the current year final budget for the General Fund were revised by a \$95,407 increase and a \$43,325 decrease, respectively, in relation to the prior year's final budget. The budget was not amended in 2021.

The actual revenues exceeded the final budget by \$53,882 or 4% and the actual expenditures were less than the final budgeted expenditures by \$168,764 or 12%.

CAPITAL ASSETS AND DEBT ADMINISTRATION

ALLEN PARISH LIBRARY

Management’s Discussion and Analysis (Continued)

Capital Assets

The Library’s investment in capital assets, net of accumulated depreciation, for governmental-type activities as of December 31, 2021, was \$2,543,962, while that figure as of December 31, 2020, was \$2,651,287. The overall decrease was 4% for the Library as a whole. See Note E for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

	December 31	
	2021	2020
Nondepreciable assets-land	\$ 10,500	\$ 10,500
Depreciable assets:		
Buildings	2,789,552	2,790,872
Books	414,237	399,839
Furniture and fixtures	88,279	88,279
Equipment	473,039	483,712
Total depreciable assets	3,765,107	3,762,702
Less accumulated depreciation	1,231,645	1,121,915
Book value-depreciable assets	\$ 2,533,462	\$ 2,640,787
Percentage depreciated	33%	30%
Book value-all assets	\$ 2,543,962	\$ 2,651,287

The depreciable capital assets for governmental activities were 33% and 30% depreciated for the fiscal years ended December 31, 2021 and December 31, 2020, respectively. This comparison indicates that the Library is replacing its governmental assets faster than they are depreciating.

The major additions are:

- 30 computers
- Server
- Books

Long-Term Debt

At the end of the fiscal year, the Library did not report any long-term debt outstanding. However, based upon an agreement between the Library and the Allen Parish Police Jury, the Library will fund the repayment of \$1,500,000 Limited Tax Library Revenue Bonds issued in April, 2015. All of this amount is backed by the full faith and credit of the Allen Parish Police Jury, not the Library, with debt service funded by ad valorem taxes revenues collected by the Library.

ALLEN PARISH LIBRARY

Management's Discussion and Analysis (Continued)

During the year, the Library funded \$222,000 in long-term debt retirement. See Note K for additional information regarding long-term debt.

CONTACTING THE LIBRARY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Library's finances, comply with finance-related laws and regulations, and demonstrate the Library's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the Library's Director, Agnes Guillory, P.O. Box 400, Oberlin, LA 70655.

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INDEPENDENT AUDITORS' REPORT

Board of Control
Allen Parish Library
Oberlin, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities and the only major fund of the Allen Parish Library, a component unit of the Allen Parish Police Jury, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Allen Parish 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 only major fund of the Allen Parish Library, as of December 31, 2021, and the respective change in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess 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 Allen Parish Library's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Allen Parish Library's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10, the budgetary comparison information on page 44, schedule of employer's proportionate share of net pension liability (asset) on page 45, and schedule of employer's pension plan contributions on page 46, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Allen Parish Library's basic financial statements. The accompanying schedule of compensation paid to the board of control members on page 49 and the schedule of compensation, benefits and other payments to chief executive officer are presented on pages 50 for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was 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 schedule of compensation paid to the board of control members and schedule of compensation, benefits and other payments to chief executive officer are fairly stated, in all material respects, in relation to the basic 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 28, 2022, on our consideration of the Allen 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Allen Parish Library's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Allen Parish Library's internal control over financial reporting and compliance.

Steven M. DeRouen & Associates, LLC

Lake Charles, Louisiana

June 28, 2022

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)

**Allen Parish Library
Statement of Net Position
Governmental Fund
December 31, 2021**

	Primary Government Governmental Activities
ASSETS	
Current Assets:	
Cash	\$ 244,808
Investments	868,652
Taxes receivable	1,091,641
Prepaid items	30,153
<i>Total current assets</i>	2,235,254
Noncurrent Assets:	
Net pension asset	84,178
Land	10,500
Capital Assets, Net	2,533,462
<i>Total noncurrent assets</i>	2,628,140
Total Assets	4,863,394
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	90,852
<i>Total Deferred Outflows of Resources</i>	90,852
 LIABILITIES	
Current Liabilities:	
Accounts payable	18,624
Salaries payable	13,571
Accrued liabilities	3,558
Ad valorem pension payable	42,323
Unearned grant proceeds	12,294
<i>Total current liabilities</i>	90,370
Noncurrent Liabilities:	
Compensated absences payable	119,876
<i>Total noncurrent liabilities</i>	119,876
Total Liabilities	210,246
 DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	187,147
<i>Total Liabilities and Deferred Inflows of Resources</i>	187,147
 NET POSITION	
<i>Investment in capital assets, net of related debt</i>	2,543,962
<i>Unrestricted</i>	2,012,891
Total Net Position	\$ 4,556,853

The accompanying notes are an integral part of the basic financial statements.

**Allen Parish Library
Statement of Activities
For the Year Ended December 31, 2021**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Capital Grants</u>	<u>Primary Government</u>
		<u>Services</u>	<u>Grants and</u>	<u>and</u>	<u>Governmental Activities</u>
			<u>Contributions</u>	<u>Contributions</u>	
Primary Government					
Governmental Activities:					
Culture and recreation	\$ 1,293,751	\$ 6,995	\$ -	\$ 34,771	\$ (1,251,985)
<i>Total Governmental Activities</i>	<u>1,293,751</u>	<u>6,995</u>	<u>-</u>	<u>34,771</u>	<u>(1,251,985)</u>
General Purpose Revenues:					
Taxes:					
					1,330,628
					55,850
					991
					674
					2,215
					<u>1,390,358</u>
					138,373
					4,471,140
					<u>(52,660)</u>
					4,418,480
					<u>\$ 4,556,853</u>

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

**Allen Parish Library
Balance Sheet
Governmental Fund
December 31, 2021**

	General Fund
ASSETS	
Cash	\$ 244,808
Investments	868,652
Taxes receivable	1,091,641
Prepaid items	30,153
<i>Total Assets</i>	2,235,254
 DEFERRED OUTFLOWS OF RESOURCES	
Aggregated deferred outflows	-
<i>Total Assets and Deferred Outflows of Resources</i>	2,235,254
 LIABILITIES	
Accounts payable	18,624
Salaries payable	13,571
Accrued liabilities	3,558
Ad valorem pension payable	42,323
Unearned grant proceeds	12,294
<i>Total Liabilities</i>	90,370
 DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - delinquent ad valorem taxes	45,552
<i>Total Liabilities and Deferred Inflows of Resources</i>	135,922
 FUND BALANCE	
Nonspendable	30,153
Unassigned	2,069,179
<i>Total Fund Balance</i>	2,099,332
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	\$ 2,235,254

The accompanying notes are an integral part of the basic financial statements.

Allen Parish Library
Reconciliation of Governmental Fund Balance Sheet to the Statement of Net Position
December 31, 2021

Total Fund Balance - Government Fund	\$	2,099,332
Pension related changes in net pension liability that are only reported as deferred inflows of resources in the Statement of Net Position.		(187,147)
Some of the Library's ad valorem taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources only on the fund financial statements.		45,552
Pension related changes in net pension liability that are only reported as deferred outflows of resources in the Statement of Net Position		90,852
Fixed assets are capitalized in the Statement of Net Position and depreciated in the Statement of Activities. These are expensed when acquired in the Statement of Revenues, Expenditures, and Changes in Fund Balance.		2,543,962
Net pension asset reflected on the Statement of Net Position not in Governmental Fund Balance Sheet.		84,178
Compensated absences payable reflected on the Statement of Net Position and not in the Governmental Fund Balance Sheet.		<u>(119,876)</u>
Total Net Position - Governmental Activities	\$	<u><u>4,556,853</u></u>

The accompanying notes are an integral part of the basic financial statements.

Allen Parish Library
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For the Year Ended December 31, 2021

	General Fund
Revenues	
Taxes - ad valorem	\$ 1,345,942
Taxes - state revenue sharing	55,850
Intergovernmental	35,762
Interest	674
Miscellaneous	9,210
<i>Total Revenues</i>	1,447,438
 Expenditures	
Current:	
Advertising	295
Dues and subscriptions	2,039
Electronic resources	34,740
Insurance	117,276
Miscellaneous	143
Office supplies	5,522
Payroll taxes	12,056
Periodicals and subscriptions	15,878
Professional services	12,000
Rents	15,324
Repairs and maintenance	68,425
Retirement	83,630
Salaries and wages	452,459
Supplies	27,984
Telephone	32,586
Travel	22,393
Utilities	37,043
Debt Service:	
Principal retirement	222,000
Interest	6,596
Capital Outlay	56,403
<i>Total Expenditures</i>	1,224,792
 <i>Net Change in Fund Balance</i>	 222,646
<i>Fund Balance at Beginning of Period</i>	1,876,686
<i>Fund Balance at End of Period</i>	\$ 2,099,332

The accompanying notes are an integral part of the basic financial statements.

Allen Parish Library
Reconciliation of Governmental Fund Statement of Revenues, Expenditures, and
Changes in Fund Balance with Statement of Activities
For the year Ended December 31, 2021

Total Net Change in Fund Balance - Government Fund	\$	222,646
Fixed assets expensed as capital outlay in governmental funds statements and capitalized as fixed assets in Statement of Net Position.		56,403
Compensated absences expensed as paid in government fund statements, expensed as incurred in entity-wide statements, and reflected as liability on Statement of Net Position.		(5,983)
Depreciation expense reflected in entity-wide statements and not reflected in governmental fund statements.		(163,697)
Pension expense is based on employer contributions in the government fund Statement of Revenues, Expenditures, and Changes in Fund Balance but is an actuarially calculated expense on the Statement of Activities.		44,318
Some of the Liabrary's ad valorem taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources in the fund financail statements, but are included in revenue on the Statement of Activities - Net change in unavailable revenues - delinquent ad valorem taxes.		(15,314)
Changes in Net Position - Governmental Activities	\$	<u>138,373</u>

The accompanying notes are an integral part of the basic financial statements.

ALLEN PARISH LIBRARY

Notes to Basic Financial Statements

(A) Summary of Significant Accounting Policies

The accompanying financial statements of the Allen Parish Library (the Library) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of these notes.

Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:513 and to the guidelines set forth in the industry audit guide, *Audits of State and Local Governments*, issued by the American Institute of Certified Public Accountants, and the *Louisiana Governmental Audit Guide*.

The following is a summary of certain significant accounting policies:

1. Financial Reporting Entity

GASB Statement 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Statement 14, the Library includes all funds that are within its oversight responsibility.

As the governing authority, for reporting purposes, the Allen Parish Police Jury is the financial reporting entity. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB Statement 14 established criteria for determining which component units should be considered part of the Allen Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability.

The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Allen Parish Police Jury to impose its will on that organization, and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Allen Parish Police Jury.

ALLEN PARISH LIBRARY

Notes to Basic Financial Statements (Continued)

2. Organizations for which the Allen Parish Police Jury does not appoint a voting majority but are fiscally dependent on the Allen Parish Police Jury.
3. Organizations for which the reporting entity financial statements could be misleading if data of the organization is not included because of the nature or significance of the relationship.

The Allen Parish Library is a component unit of the Allen Parish Police Jury and was created under Louisiana Revised Statute 25:211. The purpose of the Library is to provide library facilities to residents within its boundaries. The Library is governed by a Board of Control consisting of five (5) board members appointed by the Allen Parish Police Jury from the citizenry of Allen Parish. The Police Jury does provide financing, and it does exercise some control over operations by virtue of the fact that it appoints the Board of Control. The Library itself has no component units.

This report encompasses all funds of the Library that are controlled by or dependent on the Library's executive and legislative branches (the Board of Control). Control by or dependence on the Library was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibilities. These financial statements represent the financial position and activity of the Library alone and not that of the Allen Parish Police Jury.

2. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The government-wide financial statements provide operational accountability information for the Library as an economic unit. The government-wide financial statements report the Library's ability to maintain service levels and continue to meet its obligations as they come due. These statements include all governmental activities of the Library.

Fund Financial Statements (FFS)

The accounts of the Library are organized on the basis of funds, each of which is considered to be an independent fiscal and accounting entity. The operations of each fund are accounted for within separate sets of self-balancing accounts, which comprise its assets, deferred inflows of resources, liabilities, deferred outflows of resources, fund balances, revenues, expenditures, and transfers. The Library uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Library functions and activities. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of

ALLEN PARISH LIBRARY

Notes to Basic Financial Statements (Continued)

the Library or if its total assets, liabilities, revenues, or expenditures are at least 10% of the corresponding total for all governmental funds. The Library has one fund, the General Fund, which is therefore considered its major fund and is categorized as a governmental fund. The fund used by the Library is described below.

Governmental funds are those through which most governmental functions are financed. The acquisition, use and balances of the Library's expendable financial resources and the related liabilities are accounted for through governmental funds.

General Fund

The Library's governmental fund is the General Fund, which is the general operating fund of the Library. It is used to account for all financial resources except those required to be accounted for in another fund.

3 Measurement Focus/Basis of Accounting, and Financial Statement Presentation

The measurement focus determines the accounting and financial reporting treatment applied to a fund or governmental activity. The governmental activities within the government-wide statement of net position and statement of activities are presented using the economic resources measurement focus. The economic resources measurement focus meets the accounting objectives of determining net income and net position.

The fund financial statements use either the current financial resources measurement focus or the economic resources measurement focus as appropriate. Governmental funds use the current financial resources measurement focus. This measurement focus is based upon the receipt and disbursement of current available financial resources rather than net income.

The accrual basis of accounting is used throughout the government-wide financial statements; conversely, the financial statements of the General Fund have been prepared in accordance with the modified accrual basis of accounting, whereby revenues are recognized when considered both measurable and available to finance expenditures of the current period. For this purpose, the Library considers revenues to be available if they are collected within sixty (60) days from the end of the current fiscal period. The Library accrues intergovernmental and tax revenues based upon this concept. Interest on deposits and investments is recognized when earned. Intergovernmental revenues that are reimbursements for specific purposes or projects are recognized in the period in which the expenditures are recorded. All other revenue items are considered to be measurable and available only when the cash is received by the Library.

ALLEN PARISH LIBRARY

Notes to Basic Financial Statements (Continued)

Expenditures are generally recognized when the related fund liabilities are incurred and become payable in the current period. Proceeds of debt are reported as other financing sources, and principal and interest on long-term debt, as well as expenditures related to compensated absences, are recorded as expenditures when paid.

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that reconciles the fund level statements to the government-wide presentations.

4. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Equity

Cash and interest-bearing deposits

Cash and interest-bearing deposits include all demand accounts and savings accounts of the Library.

Investments

Under state law, 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 having an office in Louisiana. In accordance with professional standards, investments meeting the criteria specified in the standards are stated at fair value, which is either a quoted market price or the best estimate available. Investments which do not meet the requirements are stated at cost.

Receivables

In the government-wide statements, receivables, including amounts due from other governments, consist of all revenues earned at year-end and not yet received.

Prepaid Items

Payments made to vendors for services that will benefit the period beyond December 31, 2021 are recorded as prepaid items.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. The Library's accounting policies regarding capital assets are that these assets, with an initial cost of \$500 or more, are to be capitalized and depreciated over their estimated useful lives. Purchased or constructed capital assets are valued at

ALLEN PARISH LIBRARY

Notes to Basic Financial Statements (Continued)

historical cost or estimated historical cost. Donated capital assets are recorded at fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives 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. The range of estimated useful lives by type of asset is as follows:

Building and improvements	40 years
Books, furniture, fixtures, and equipment	5-10 years

Compensated Absences

Each full-time employee earns eight (8) hours of sick leave per month, which can be accumulated up to sixty days and is converted to a retirement credit at time of retirement. Employees who resign or are dismissed from employment shall not be paid for any accrued sick leave.

Vacation leave is earned by each full-time employee on an annual basis as follows:

Executive Administrative Staff days	24
Administrative staff days	22
Professional staff	
1 year to 10 years of service days	10
10 years or more of service days	15

Employees also earn compensated time for overtime hours worked. The compensated time may be used as time off in the future in lieu of overtime pay. Employees may accumulate and carry over vacation leave and compensated time. Any annual leave beyond the annual accrual that is carried over and not used is forfeited at the time of separation of employment.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Library has one item that qualifies for reporting in this category, the deferred outflow of resources attributable to its pension plan, which is disclosed in Note I.

ALLEN PARISH LIBRARY

Notes to Basic Financial Statements (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Library has one item that qualifies for reporting in this category in the government-wide statement of net position, the deferred inflow of resources attributable to its pension plan, which is disclosed in Note I. The Library also reported deferred inflows of resources in the general fund balance sheet related to unavailable revenue of \$45,552 as disclosed in Note G.

Equity Classifications

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets consists of 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 either by external groups, such as grantors, creditors, contributors, or laws and regulations of other governments, or law through constitutional provisions or enabling legislation.
- c. Unrestricted net position consists of all other net position that does not meet the definition of "restricted" or "net investments in capital assets."

When an expense is incurred that can be paid either using restricted or unrestricted resources (net position), it is the Library's policy to use restricted resources prior to the use of unrestricted resources.

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily upon the extent to which the Library is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The categories and their purposes are:

1. Nonspendable includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints requiring they remain intact. The Library's nonspendable fund balance includes prepaid insurance.

ALLEN PARISH LIBRARY

Notes to Basic Financial Statements (Continued)

2. Restricted includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as grantors, donors, and creditors, or amounts constrained due to constitutional provisions or enabling legislation.
3. Committed includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal legislative action of the Board of Control and do not lapse at year-end. A committed fund balance constraint can only be established, modified, or rescinded by passage of a resolution by the Board of Control.
4. Assigned includes fund balance amounts that are constrained by the Library's intent to be used for specific purposes, that are neither restricted nor committed. An assignment of fund balance is authorized by a directive from the Library's Director with approval by a resolution by the Board of Control.
5. Unassigned includes fund balance amounts which have not been classified within the above-mentioned categories.

In governmental funds, the Library's policy is to first apply the expenditures toward restricted fund balance and then to other, less-restrictive classifications (committed and then assigned fund balances) before using unassigned fund balances.

As of December 31, 2021, the General Fund's fund balance is composed of the following:

Nonspendable – prepaid items	\$ 30,153
Unassigned	<u>2,069,179</u>
Total fund balance	<u>\$2,099,332</u>

ALLEN PARISH LIBRARY

Notes to Basic Financial Statements (Continued)

5. Revenues, Expenditures/Expenses

Revenues

The Library considers revenue to be susceptible to accrual in the governmental funds as it becomes measurable and available, as defined under the modified accrual basis of accounting. The Library's major revenue sources that meet this availability criterion are ad valorem tax revenue, state revenue sharing revenue, and intergovernmental revenue.

There are two classifications of program revenues for the Library, program specific grant and contributions revenue and charges for services. Grant revenues are revenues from federal, state, and private grants. These revenues are recognized when all applicable eligibility requirements are met and are reported as intergovernmental revenues. The primary source of charges for services is fees, fines and charges paid by patrons of the Library for services. In the government-wide statement of activities, property taxes and state revenue sharing funds are reported as general revenues because the Library has discretion in the application of these funds to various programs/functions administered by the Library. Interest income is recorded as earned in the fund holding the interest-bearing asset.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by character and function. In the fund financial statements, expenditures are classified by character.

6. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of: a) assets, deferred inflows of resources, liabilities, and deferred outflows of resources, b) contingent assets and liabilities at the date of the financial statements and c) revenues and expenditures during the reporting period. These estimates include assessing the collectability of accounts receivable and the useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from those estimates.

7. Subsequent Events

Management has evaluated subsequent events through June 28, 2022, the date the financial statements were issued. The Library is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

ALLEN PARISH LIBRARY

Notes to Basic Financial Statements (Continued)

(B) Cash and Interest-Bearing Deposits

Under state law, the Library may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Library may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having an office in Louisiana. At December 31, 2021, the Library has cash and interest-bearing deposits (book balances) totaling \$244,808, as follows:

Demand deposits	\$244,808
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These deposits are stated at cost, which approximates market. Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Library's deposits may not be recovered or the collateral securities that are in the possession of an outside party will not be recovered. Under state law, 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 or exceed the amount on deposit with the fiscal agent bank. 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.

Deposit balances (bank balances) at December 31, 2021, are secured as follows:

Bank balances	\$ 259,166
Federal deposit insurance	(250,500)
Collateral securities (Category 3)	<u>(8,666)</u>
Total – uninsured and uncollateralized	<u>\$ _____</u>

There were \$8,666 in deposits that would otherwise be exposed to custodial credit risk but are protected from such risk by collateralized securities held by the pledging institution, its trust department or agent, but not in the Library's name (Category 3 deposits). 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 has failed to pay deposited funds upon demand.

(C) Investments

At December 31, 2021, the Library's investments were as follows:

<u>Investment Type</u>	<u>% of Portfolio</u>	<u>Fair Value</u>	<u>Less Than One Year</u>	<u>One-Five Years</u>
Governmental Activities:				
Louisiana Asset Management Pool (LAMP)	<u>100%</u>	<u>\$868,652</u>	<u>\$868,652</u>	<u>\$ _____</u>

ALLEN PARISH LIBRARY

Notes to Basic Financial Statements (Continued)

The Library participates in the Louisiana Asset Management Pool (LAMP). LAMP is an investment pool established as a cooperative endeavor to enable public entities of the State of Louisiana to aggregate funds for investment. LAMP is not registered with the Securities and Exchange Commission (SEC) as an investment company. In accordance with GASB Codification Section 150.126, the investment in LAMP is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investment is in the pool of funds (LAMP is a 2a7-like investment pool) and therefore not evidenced by securities that exist in physical or book entry form. Also, pooled investments are excluded from the concentration of credit risk 5 percent disclosure requirement and foreign currency risk is not applicable to 2a7-like pools. The Library has not adopted an investment policy. Detailed information is available in the separately issued financial report which may be accessed on the LAMP website at <http://lamppool.com>.

LAMP 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 LA – R.S. 33:2955. GASB Statement No. 40 Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, concentration of credit risk interest rate risk, and foreign currency risk for all public entity investments. LAMP is an investment pool that, to the extent practical, invest in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

- Credit risk: LAMP is rated AAAM by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is 45 days as of December 31, 2021.
- Foreign currency risk: Not applicable.

The investments in LAMP are stated at fair value. 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 net asset value of the pool shares.

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.

ALLEN PARISH LIBRARY

Notes to Basic Financial Statements (Continued)

(D) Unearned Grant Proceeds

During 2021, the Library received American Rescue Plan Act grant proceeds totaling \$47,065. The library expended \$34,771 of these grant proceeds on eligible items per the grant agreement. The remaining funds of \$12,294 are considered unearned as of December 31, 2021.

(E) Capital Assets

Capital asset balances and activity for the year ended December 31, 2021 are as follows:

	Balance 12/31/20	Additions	Deletions	Balance 12/31/21
Governmental Activities:				
Non-depreciable capital assets:				
Land	\$ 10,500	\$ -	\$ -	\$ 10,500
Other capital assets:				
Buildings	2,790,872	-	1,320	2,789,552
Books	399,839	14,398	-	414,237
Furniture and fixtures	88,279	-	-	88,279
Equipment	483,712	42,005	52,678	473,039
Totals	3,773,202	56,403	53,998	3,775,607
Less accumulated depreciation:				
Buildings	593,732	70,613	1,320	663,025
Books	297,411	42,049	-	339,460
Furniture and fixtures	41,264	8,807	-	50,071
Equipment	189,508	42,228	52,647	179,089
Total accumulated depreciation	1,121,915	163,697	53,967	1,231,645
Capital assets, net	\$ 2,651,287	\$ (107,294)	\$ 31	\$ 2,543,962

Depreciation expense of \$163,697 was charged to the culture and recreation function.

(F) Accounts, Salaries, and Other Payables

The accounts, salaries, and other payables consisted of the following at December 31, 2021:

Accounts payable	\$ 18,624
Salaries payable	13,571
Accrued liabilities	3,558
Ad valorem pension payable	42,323
Total	\$ 78,076

ALLEN PARISH LIBRARY

Notes to Basic Financial Statements (Continued)

(G) Unavailable Revenues

Unavailable revenues are reported in governmental funds and represent revenue received more than 60 days following year-end (and, therefore, unavailable to pay liabilities of the current period). Unavailable revenue received after 60 days is recognized as revenue in the government-wide financial statements. At December 31, 2021, governmental funds' revenues that have been earned but are unavailable totaled \$45,552, which was comprised of delinquent ad valorem tax revenue.

(H) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied in September or October and are actually billed to the taxpayers in November or December. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year. Tax revenues are recognized in the year they are billed.

The taxes are based on assessed values determined by the Allen Parish Tax Assessor and are collected by the Allen Parish Sheriff. The taxes are remitted to the Allen Parish Library net of deductions for pension fund contributions.

For the year ended December 31, 2021, taxes of 10.81 mills were levied on property with net assessed valuations totaling \$123,931,261 and were dedicated to paying the administrative, operations and maintenance expenditures for the Library. Total taxes levied during 2021 were \$1,339,697. Taxes receivable at December 31, 2021 totaled \$1,091,641.

(I) Employee Retirement System

The Library participates in the Parochial Employees' Retirement System (PERS), a cost-sharing, multiple-employer defined benefit plan, administered by a separate public employee retirement system. Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of this plan to the State Legislature. Substantially all Library employees participate in the PERS which is not closed to new entrants.

Plan Description

PERS provides retirement, disability, and survivor benefits to eligible employees and their beneficiaries as defined in Louisiana Revised Statutes 11:1901 and 11:1941. All permanent Library employees who work at least 28 hours a week shall become members on the 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. The Library participates in Plan A.

PERS' financial statements are prepared using the accrual basis of accounting. Employer and employee contributions are recognized in the period in which the employee is compensated for services performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Interest income is recognized when earned. Ad valorem taxes and revenue sharing monies are recognized in the year collected by the tax collector.

ALLEN PARISH LIBRARY

Notes to Basic Financial Statements (Continued)

A brief summary of eligibility requirements and benefits of the plans are provided in the following table:

Final average salary	Final average compensation
Years of service required and/or age eligible for benefits for employees hired prior to January 1, 2007	30 years at any age 25 years age 55 10 years age 60 7 years age 65
Years of service required and/or age eligible for benefits for employees hired on or after January 1, 2007	30 years age 55 10 years age 62 7 years age 67
Benefit percent per year of service for the member's final average compensation multiplied by his/her years of creditable service	3.0%

Survivor Benefits:

Upon the death of any member of Plan A with five (5) or more years of creditable service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children, as outlined in the statutes. Upon the death of any member of Plan A who is eligible for normal retirement at time of death, the surviving spouse shall receive an automatic Option 2 benefit, as outlined in the statutes. 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.

Deferred Retirement Option Plan (DROP):

Act 338 of 1990 established the DROP for the retirement system. DROP is an option for members who are eligible for normal retirement. In lieu of terminating employment and accepting a service retirement, any member who is eligible to retire may elect to participate in the DROP in which they are 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 their 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.

ALLEN PARISH LIBRARY

Notes to Basic Financial Statements (Continued)

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

Disability Benefits:

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 on or after January 1, 2007, has seven years of creditable service not be eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member shall be paid a disability benefit equal to the lesser of an amount equal to 3% of the member's final average compensation multiplied by his/her years of service, not to be less than 15, or 3% multiplied by years of service assuming continued service to age 60.

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 65 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. (RS 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.

Contributions

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee. In addition, PERS receives a percentage of ad valorem taxes collected by parishes. These entities are not participating employers in the pension system and are considered to be non-employer contributing entities. For the year ended December 31, 2021, the contribution percentages for employees and employers were 9.5% and 12.25%, respectively. The amounts contributed from non-employer contributing entities for the year ended December 31, 2021 and 2020 were \$4,036 and \$4,410, respectively.

ALLEN PARISH LIBRARY

Notes to Basic Financial Statements (Continued)

At December 31, 2021 the Library reported no outstanding liability for contributions due to PERS for the year.

Net Pension Asset

The Library’s net pension asset at December 31, 2021 of \$84,178 is comprised of its proportionate share of the net pension liability overfunding relating to the cost-sharing plan. The Library’s net pension asset for the plan was measured as of the plan’s measurement date, December 31, 2020, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Library’s proportionate share of the net pension asset for the plan was based on the Library’s required contributions in proportion to total required contributions for all employers.

As of the most recent measurement date, the Library’s proportion for the plan was 0.048008% and the change in proportion from the prior measurement date was an decrease of 0.00648%.

Since the measurement date of the net pension asset was December 31, 2020 for PERS, the net pension asset is based upon fiduciary net position for the plan as of that date. Detailed information about the plan’s assets, deferred outflows, liabilities, deferred inflows, and fiduciary net position that was used in the measurement of the Library’s net pension asset is available in the separately issued plan financial report which may be accessed on the PERS website at <http://www.persla.org/>. The plan financial report can also be obtained by contacting PERSLA at 7905 Wrenwood Blvd., Baton Rouge, LA 70898; telephone (225) 928-1361. The plan’s fiduciary net position has been determined on the same basis as that used by the plan.

Actuarial Assumptions

The following table provides information concerning actuarial assumptions used in the determination of the total pension asset for PERS:

Valuation Date	December 31, 2020
Actuarial Cost Method	Entry Age Normal
Expected Remaining Service Lives	4 years
Investment Rate of Return	6.40%, net of investment expense, including inflation
Projected Salary Increases	4.75%
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.
Mortality Rates	Pub-2010 Public Retirement Plans Mortality Table for Healthy Retirees multiplied by 130% for males and 125% for females using MP2018 scale for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females using

ALLEN PARISH LIBRARY

Notes to Basic Financial Statements (Continued)

MP2018 scale. 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.

Inflation Rate 2.30%

Discount Rate

The discount rate used to measure the total pension asset was 6.40% for Plan A. 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 contribution 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 PERS'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 2.00% 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, 2020.

Best estimates of arithmetic real rates of return for each major asset class included in the PERS's target asset allocation as of December 31, 2020 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Fixed income	33%	0.86%
Equities	51%	3.36%
Alternatives	14%	0.67%
Real assets	2%	0.11%
Total	<u>100%</u>	5.00%
Inflation		<u>2.00%</u>
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

ALLEN PARISH LIBRARY

Notes to Basic Financial Statements (Continued)

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.

Cost of Living Adjustments

PERS has the authority to grant cost-of-living adjustments (COLAs) on an ad hoc basis. Pursuant to Louisiana Revised Statute 11:242(B), the power of the Board of Trustees of the PERS to grant a COLA is effective in calendar years that the legislature fails to grant a COLA, unless in the legislation granting a COLA, the legislature authorizes the Board of Trustees to provide an additional COLA. The authority to grant a COLA by the Board is subject to the funded status and interest earnings. The effects of the benefit changes made as a result of the COLAs is included in the measurement of the total pension liability as of the measurement date at which the ad hoc COLA was granted and the amount is known and reasonably estimable.

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to the Pension Plan

Changes in the net pension liability may either be reported in pension expense in the year the change occurred or recognized as a deferred outflow of resources or a deferred inflow of resources in the year the change occurred and amortized into pension expense over a number of years. For the year ended December 31, 2021, the Library recognized \$39,281 in pension expense related to its pension plan.

At December 31, 2021, the Library reported deferred outflows of resources and deferred inflows of resources related to its pension plan from the following sources:

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 20,494	\$ 10,047
Net difference between projected and actual earnings on pension plan investments	-	164,291
Changes in assumptions	27,540	-
Changes in proportion of beginning net pension liability	1,511	12,809
Differences between Library contributions and proportionate share of contributions	-	-
Library contributions subsequent to the measurement date	<u>41,307</u>	<u>-</u>
Total	<u>\$ 90,852</u>	<u>\$187,147</u>

ALLEN PARISH LIBRARY

Notes to Basic Financial Statements (Continued)

Deferred outflows of resources of \$41,307 resulting from the employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability during the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Net Amount Recognized in Pension Expense</u>
2022	\$ (17,060)
2023	(54,806)
2024	(26,839)
2025	<u>(38,897)</u>
Total	<u>\$ (137,602)</u>

Sensitivity of the Library’s Proportionate Share of the Net Pension Liability (Asset) Changes in the Discount Rate

The following presents the Library’s proportionate shares of the net pension liability of the plan, calculated using the discount rate, as well as what the Library’s proportionate share of the net pension liability would be if they were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease <u>(5.40%)</u>	Current Discount Rate <u>(6.40%)</u>	1% Increase <u>(7.40%)</u>
Library’s proportionate share of the net pension liability (asset)	\$ 176,496	\$(84,178)	\$(302,487)

Change in Net Pension Asset: The changes in net pension asset for the year ended December 31, 2021 were recognized in the current reporting period as pension expense except as follows:

Differences Between Expected and Actual Experience:

Differences between expected and actual experience with regard to economic or demographic factors in the measurement of total pension liability were recognized in pension expense using the straight-line method amortization over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in a deferred inflow of resources of \$10,047 for the year ended December 31, 2021.

ALLEN PARISH LIBRARY

Notes to Basic Financial Statements (Continued)

Difference between Projected and Actual Earnings on Pension Plan Investments:

Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed four year period. The difference between projected and actual earnings on pension plan investments resulted in a deferred inflow of resources of \$164,291 for the year ended December 31, 2021.

Changes in Assumptions:

Changes in assumptions about future economic or demographic factors were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. Changes in assumptions resulted in a deferred outflow of resources of \$27,540 for the year ended December 31, 2021.

Changes in Proportion:

Changes in the proportionate share of collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. Changes in proportionate share of beginning net pension liability resulted in a deferred outflow of resources of \$1,511 and a deferred inflows of resources of \$12,809 for the year ended December 31, 2021.

Differences Between Library Contributions and Proportionate Share of Contributions:

Differences between Library contributions and proportionate share of contributions are recognized in pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. There were no differences between Library contributions and proportionate share of contributions resulted in a deferred inflow of resources for the year ended December 31, 2021.

(J) Risk Management

The Library is exposed to risks of loss in areas of general liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year, nor have settlements exceeded coverage for the past three years.

(K) Limited Tax Library Revenue Bonds

In April, 2015, the Allen Parish Police Jury issued \$1,500,000 of Limited Tax Library Revenue Bonds. Based upon an agreement between the Library and the Allen Parish Police Jury, the proceeds of the bonds were utilized to fund renovations of two library branches. The Library in

ALLEN PARISH LIBRARY

Notes to Basic Financial Statements (Continued)

turn funds the debt service requirements of these bonds by transferring ad valorem tax revenue equal to the debt service payment on the bonds annually to the Allen Parish Police Jury. During the year ended December 31, 2021, the Library paid \$228,596 (\$222,000 in principal and \$6,596 in interest) to the Allen Parish Police Jury for annual debt service payments. Interest was included as a direct program expense in the government-wide financial statements.

(L) Restatement of Beginning Net Position

The Library reduced its beginning net position in the amount of \$52,660 for the accrual of sick leave for those employees hired prior to January 1, 2007. Per the Library's sick leave policy, full time employees who were hired prior to January 1, 2007 may accumulate their sick leave indefinitely. Also, full time employees who were hired prior to January 1, 2007 may take their accrued sick leave as a retirement credit or can be taken as cash, only if the granting of leave proves not to be detrimental to library service, upon termination of employment.

REQUIRED SUPPLEMENTARY INFORMATION

Allen Parish Library
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For the Year Ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>General Fund</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
				Final to Actual
Revenues				
Taxes - ad valorem	\$ 1,314,339	\$ 1,314,339	\$ 1,345,942	\$ 31,603
Taxes - state revenue sharing	55,453	55,453	55,850	397
Intergovernmental	3,964	3,964	35,762	31,798
Interest	10,000	10,000	674	(9,326)
Miscellaneous	9,800	9,800	9,210	(590)
Total Revenues	<u>1,393,556</u>	<u>1,393,556</u>	<u>1,447,438</u>	<u>53,882</u>
Expenditures				
Current:				
Advertising	1,500	1,500	295	1,205
Dues and subscriptions	2,600	2,600	2,039	561
Electronic resources	22,502	22,502	34,740	(12,238)
Insurance	133,500	133,500	117,276	16,224
Miscellaneous	1,100	1,100	143	957
Office supplies	7,200	7,200	5,522	1,678
Payroll taxes	13,000	13,000	12,056	944
Periodicals and subscriptions	57,000	57,000	15,878	41,122
Professional services	12,000	12,000	12,000	0
Rents	19,000	19,000	15,324	3,676
Repairs and maintenance	90,634	90,634	68,425	22,209
Retirement	104,000	104,000	83,630	20,370
Salaries and wages	495,773	495,773	452,459	43,314
Supplies	38,964	38,964	27,984	10,980
Telephone	27,990	27,990	32,586	(4,596)
Travel	33,500	33,500	22,393	11,107
Utilities	38,325	38,325	37,043	1,282
Debt Service:				0
Principal retirement	226,384	226,384	222,000	4,384
Interest	6,596	6,596	6,596	0
Capital Outlay	61,988	61,988	56,403	5,585
Total Expenditures	<u>1,393,556</u>	<u>1,393,556</u>	<u>1,224,792</u>	<u>168,764</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	<u>222,646</u>	<u>222,646</u>
<i>Fund Balance at Beginning of Period</i>	<u>1,876,686</u>	<u>1,876,686</u>	<u>1,876,686</u>	<u>-</u>
<i>Fund Balance at End of Period</i>	<u>\$ 1,876,686</u>	<u>\$ 1,876,686</u>	<u>\$ 2,099,332</u>	<u>\$ 222,646</u>

The accompanying notes are an integral part of the basic financial statements.

ALLEN PARISH LIBRARY

**Schedule of Library's Proportionate Share of Net Pension Liability (Asset)
Year Ended December 31, 2021***

Year Ended December 31,	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 Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Parochial Employees' Retirement System of Louisiana – Plan A					
2016	0.053592%	\$ 141,070	\$ 307,275	45.91%	99.15%
2017	0.046690%	\$ 96,159	\$ 276,896	34.73%	92.23%
2018	0.049758%	\$ (36,933)	\$ 283,050	(13.05)%	94.15%
2019	0.061473%	\$ 272,839	\$ 284,397	95.94%	101.98%
2020	0.054488%	\$ 2,565	\$ 345,121	0.74%	88.86%
2021	0.048008%	\$ (84,178)	\$ 337,188	(24.96)%	103.99%

* The amounts presented have a measurement date of the previous fiscal year-end.

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

ALLEN PARISH LIBRARY

**Schedule of Library's Pension Plan Contributions
Year Ended December 31, 2021**

<u>Year Ended December 31,</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractual Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
Parochial Employees' Retirement System of Louisiana – Plan A					
2015	\$ 44,555	\$ 44,555	\$ -	\$ 307,275	14.50%
2016	\$ 35,997	\$ 35,997	\$ -	\$ 276,896	13.00%
2017	\$ 35,381	\$ 35,381	\$ -	\$ 283,050	12.50%
2018	\$ 32,706	\$ 32,706	\$ -	\$ 284,397	11.50%
2019	\$ 39,689	\$ 39,689	\$ -	\$ 345,121	11.50%
2020	\$ 39,417	\$ 39,417	\$ -	\$ 321,769	12.25%
2021	\$ 41,307	\$ 41,307	\$ -	\$ 337,188	12.25%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

ALLEN PARISH LIBRARY

Notes to Required Supplementary Information

(1) Budget and Budgetary Accounting

The Library follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Library's Director prepares a proposed budget and presents it to the Board of Control prior to ninety days before the beginning of each fiscal year.
2. After the proposed budget is presented to the Board of Control, the Board publishes the proposed budget and notifies the public that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held by the Board on the proposed budget at least ten days after publication of the call for the hearing.
4. Any changes in the proposed annual operating budget require a majority vote of the Board of Control.
5. No later than the last regular meeting of the fiscal year, the Board of Control adopts the annual operating budget for the ensuing fiscal year.
6. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Budget appropriations lapse at year-end.

(2) Excess of Expenditures Over Appropriations

Formal budgetary integration is employed as a management control device during the year, and encumbrance accounting is not used by the Library. Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts and the final budget amounts. The budget was not amended during the year.

(3) 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.

OTHER SUPPLEMENTARY INFORMATION

ALLEN PARISH LIBRARY

Schedule of Compensation Paid to the Board of Control Members

Year Ended December 31, 2021

Linda Thompson	\$ -
Sherry Germany	-
Fran Postello-Jordan	-
Martha Rider	<u>-</u>
Total Compensation Paid to Board Members	\$ <u>-</u>

The Board of Control members serve without compensation.

ALLEN PARISH LIBRARY

Schedule of Compensation, Benefits and Other Payments to
Chief Executive Officer

Year Ended December 31, 2021

Chief Executive Officer: Agnes Guillory, Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 65,500
Benefits-health insurance	9,963
Benefits-retirement	-
Benefits-cell phone	-
Membership dues	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	9,254
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Meal reimbursements	49

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INDEPENDENT AUDITORS' 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*

Board of Control
Allen Parish Library
Oberlin, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the only major fund of the Allen Parish Library, a component unit of the Allen Parish Police Jury, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated June 28, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Allen Parish Library's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Allen Parish Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Allen 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify two deficiencies in internal control, described in the accompanying schedule of findings and responses, as item 2021-1 I/C and 2021-2 I/C, that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Allen 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 financial statements. 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 and other matters that are required to be reported under *Government Auditing Standards*.

Allen Parish Library's Response to Findings

Governmental Auditing Standards requires the auditor to perform limited procedures on the Allen Parish Library's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Allen Parish Library 's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Allen Parish Library's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Allen Parish Library's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Steven M. DeRouen & Associates, LLC

Lake Charles, Louisiana
June 28, 2022

ALLEN PARISH LIBRARY

Schedule of Findings and Responses

Year Ended December 31, 2021

Section I – Summary of Auditor’s Results

Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Control deficiencies(s) identified that are not considered to be material weakness(es)? yes none reported
- Noncompliance material to financial statements noted? yes no

Section II – Financial Statement Findings

Finding #2021-1 I/C:

Segregation of Duties

- Condition: Because of the Library’s size and the limited number of accounting personnel, it is not feasible to maintain a complete segregation of duties to achieve effective internal control.
- Cause: Due to the relatively small number of employees that the Library can afford to compensate, some employees are performing functions that should be segregated.
- Criteria: Effective internal control requires adequate segregation of duties among client personnel.
- Effect: Without proper segregation of duties, errors within the financial records or fraud could go undetected.
- Recommendation: To the extent cost effective, duties should be segregated and management should attempt to mitigate this significant deficiency in internal control by supervision and review procedures.
- Response: We concur with this recommendation. Management has implemented supervision and review procedures to the extent possible.

Finding #2021-2 I/C:

Controls over Financial Reporting

- Condition: In our judgement, the personnel of the Library do not have the specialized accounting training necessary to generate the financial statements, together with related notes in accordance with generally accepted accounting principles (GAAP)
- Cause: Lack of accounting personnel.
- Criteria: The Auditing Standards Board issued guidance to auditors related to entity’s internal controls over financial reporting. Many small organizations rely on their auditor to generate the annual financial statements including footnotes. Auditing standards emphasize that the auditor cannot be part of an entity’s system of internal control over financial reporting.

Effect: Misstatements in financial statements could go undetected.

Recommendation: In our judgement, due to the lack of resources available to management to correct this significant deficiency in internal control in financial reporting, we recommend management mitigate this significant deficiency in internal control by having a heightened awareness of all transactions being reported.

Response: We concur with this recommendation. Management has implemented supervision and review procedures to the extent possible. Management will carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.

Section III – Financial Statement Findings

None.

ALLEN PARISH LIBRARY

Summary Schedule of Prior Year Audit Findings

Year Ended December 31, 2021

Finding #2020-1 I/C:

Segregation of Duties

Due to the small number of employees, the Library did not have adequate segregation of duties within the accounting function.

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Control of Allen Parish Library and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. Allen Parish Library's management is responsible for those C/C areas identified in the SAUPs.

Allen Parish Library has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2021 through December 31, 2021. 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:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - b) ***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.
 - c) ***Disbursements***, including processing, reviewing, and approving.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **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).
- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **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.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

We performed the Information Technology Disaster Recovery/Business Continuity procedure 1k and discussed the results with management.

Exception (1i): The Ethics policy does not include (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

Exception (1): The Sexual Harassment policy does not include (2) annual employee training and (3) annual reporting R.S. 42:342-344 requirements.

Board or Finance Committee

2. 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:
 - a) 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.
 - b) 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. *Alternately, for those entities reporting on the nonprofit 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.*
 - c) 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.

No exceptions were found as a result of these procedures.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - b) Bank reconciliations include evidence that a member of management/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
 - c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

No exceptions were found as a result of these procedures.

Collections (excluding electronic funds transfers)

4. 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).
5. 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) Employees responsible for cash collections do not share cash drawers/registers.
 - b) 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.
 - c) 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.
 - d) 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/official verifies the reconciliation.
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 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). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Exception (7d): Noted some deposits made beyond one business day of collection.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. 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).
9. For each location selected under #8 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:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) 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.
 - d) 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.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
 - a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Exception (9a, 10a): Noted some purchases do not require a second pre-purchase approval.

Exception (9c, 10b): Noted another employee responsible does not periodically review the addition or modification of vendor files.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. 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.

12. 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) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. 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 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 found as a result of these procedures.

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

14. 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) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe 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 policy (procedure #1h).
 - d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions were found as a result of these procedures.

Contracts

15. 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) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
 - d) 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 the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions were found as a result of these procedures.

Payroll and Personnel

16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
 - c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

No exceptions were found as a result of these procedures.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
 - a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

No exceptions were found as a result of these procedures.

Debt Service

21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.
22. 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).

These procedures are not applicable to the entity. The entity did not have any debt outstanding in Allen Parish Library's name during 2021.

Fraud Notice

23. 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.
24. Observe 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 found as a result of these procedures.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
 - a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
 - b) 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.
 - c) 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.

We performed the Information Technology Disaster Recovery/Business Continuity procedures and discussed the results with management.

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 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.
27. 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).

28. 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:

- a) Number and percentage of public servants in the agency who have completed the training requirements;
- b) Number of sexual harassment complaints received by the agency;
- c) Number of complaints which resulted in a finding that sexual harassment occurred;
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

Exception (26, 28a): No sexual harassment training noted for the 5 randomly selected employees tested.

Exception (27): The entity's website does not have posted the entity's sexual harassment policy and complaint procedure.

Exception (28): The entity's did not complete the annual sexual harassment report.

Management's Responses

1i – The entity will update their Ethics policy to include (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

11 – The entity will update their sexual harassment policy to include the (2) annual employee training and (3) annual reporting R.S. 42:342-344 requirements.

7d – Due to the limited amount of cash received, the entity believes it maintains adequate collection procedures to allow the deposit of cash beyond one day of collections.

9a, 10a – The entity will take this procedure under consideration. Due to limited officer personnel, it may not be cost beneficial to require a second pre-purchase approval for applicable items.

9c, 10b – The entity will request another employee who does not process payments to periodically review the vendor records for accuracy.

26, 28a – The entity will require all employees to complete one hour of sexual harassment training annually.

27 – The entity will post its sexual harassment policy and complaint procedure on its website.

28 – The entity will complete the sexual harassment report on an annual basis.

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

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

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

Steven M. DeRouen & Associates, LLC

Lake Charles, Louisiana
June 28, 2022