

MOREHOUSE PARISH LIBRARY
BASTROP, LOUISIANA

Financial Statements
For the Year Ended December 31, 2020

MOREHOUSE PARISH LIBRARY
BASTROP, LOUISIANA

FOR THE YEAR ENDED DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Control
Morehouse Parish Library
Bastrop, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities of Morehouse Parish Library, a component unit of the Morehouse Parish Police Jury, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

To the Board of Control
Morehouse Parish Library
Bastrop, Louisiana

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Morehouse Parish Library, as of December 31, 2020, and the respective changes in financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 2-6 and budgetary comparison information on pages 28-29; the schedule of proportionate share of the net pension liability and schedule of contributions related to the Parochial Retirement System on pages 30-31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during the audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurances.

Other Information

The Schedule of Compensation, Benefits and Other Payments to Agency Head and Board of Control is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 my opinion, the Schedule of Compensation, Benefits and Other Payments to Agency Head and Board of Control is 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*, I have also issued my report dated May 12, 2021, on my consideration of the Library's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Library's internal control over financial reporting and compliance.

West Monroe, Louisiana
May 12, 2021

Douglas M. Nault, CPA (APAR)

REQUIRED SUPPLEMENTAL INFORMATION (PART A)

MOREHOUSE PARISH LIBRARY
BASTROP, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended December 31, 2020

As management of Morehouse Parish Library (the "Library") (a component unit of Morehouse Parish), we offer readers of the Library's financial statements this narrative overview and analysis of the financial activities of the Library for the year ended December 31, 2020. This discussion and analysis of management is designed to provide an objective and easy-to-read analysis of the Library's financial activities based on currently known facts, decisions, or conditions. It is intended to provide readers with a broad overview of the Library's finances. It is also intended to provide readers with an analysis of the short-term and long-term activities of the Library based on information presented in the financial report and fiscal policies that have been adopted by the Library. Specifically, this section is designed to assist the readers in focusing on significant financial issues, provide an overview of the Library's financial activity, identify changes in the Library's financial position (its ability to address the next and subsequent years' challenges), identify any material deviations from the financial plan (the approved budget), and identify individual issues or concerns of individual funds.

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

Overview of the Financial Statements

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

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

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

1. Government-wide financial statements

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

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

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

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

2. Fund financial statements

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

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

3. Notes to financial statements

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

Government-Wide Financial Analysis

The Library's combined net position of governmental activities increased approximately \$13,000 between the two years ended December 31, 2020 and 2019.

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

	<u>2020</u>	<u>2019</u>
Current and other assets	\$ 1,065	\$ 1,024
Capital assets	<u>173</u>	<u>179</u>
Total assets	<u>\$ 1,238</u>	<u>\$ 1,203</u>
Deferred outflows of resources	<u>\$ 36</u>	<u>\$ 86</u>
Liabilities	<u>\$ 34</u>	<u>\$ 134</u>
Deferred inflows of resources	<u>\$ 573</u>	<u>\$ 501</u>
Net position:		
Net investment in capital assets	\$ 173	\$ 179
Unrestricted	<u>494</u>	<u>475</u>
Total net position	<u>\$ 667</u>	<u>\$ 654</u>

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

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

	<u>2020</u>	<u>2019</u>
Revenues:		
Program revenues:		
Charges for services	\$ 4	\$ 7
General revenues:		
Property taxes	487	480
State revenue sharing	33	25
Interest and miscellaneous	9	8
Total revenues	<u>\$ 533</u>	<u>\$ 520</u>
Expenses:		
General government	\$ 16	\$ 15
Culture and recreation	497	527
Depreciation	6	6
Total expenses	<u>\$ 519</u>	<u>\$ 548</u>
Increase in net position	<u>\$ 14</u>	<u>\$(28)</u>

The Library's total revenues increased by approximately \$13,000 while the total cost of all programs and services decreased by approximately \$29,000. The Library's expenses cover a range of services with approximately 65% related to personal services (payroll, benefits, etc.).

General revenues are those available for the Library to pay for the governmental activities. For the year ended December 31, 2020, property taxes were the largest general revenue source (91%) by far for the Library.

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

Financial Analysis of the Governmental Fund

As of December 31, 2020, the Library's governmental fund reported an ending unassigned fund balance of \$518,802, an increase of \$21,862 from \$496,940 as of December 31, 2019.

Budgetary Highlights

The Library made no amendments to its original budget for the year ended December 31, 2020. Actual non-GAAP basis revenues of the General Fund of \$531,118 failed to meet budgeted revenues of \$550,000 by \$18,882 or 3.43%. Actual non-GAAP basis expenditures of \$516,533 exceeded the final budgeted expenditures of \$445,400 by \$71,133 or 15.97%.

Capital Assets

As of December 31, 2020, the Library had invested \$172,544 in capital assets, including land, buildings, and equipment. There were no additions or deletions made during the year ended December 31, 2020.

Economic Factors and Next Year's Budget

Since March 2020, the spread of COVID-19 has severely impacted many local economies. Measures taken to contain the spread of the virus have triggered significant disruptions to businesses. The Library's future cash flows could be affected by the economic slowdown that has resulted from these measures. The duration and impact of the COVID-19 pandemic remains unclear as of the date of this report.

Revenues and expenditures budgeted for 2021 remained the same as the final 2020 budgeted amounts.

Requests for Information

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

COMPONENT UNIT FINANCIAL STATEMENTS

MOREHOUSE PARISH LIBRARY
BASTROP, LOUISIANA

STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES - GENERAL FUND
December 31, 2020

ASSETS

Cash	\$ 543,120
Property taxes receivable	521,541
Capital assets:	
Land	60,000
Other capital assets, net of depreciation	<u>112,544</u>
Total assets	<u>\$ 1,237,205</u>

DEFERRED OUTFLOWS OF RESOURCES

Resources related to pensions	<u>\$ 36,389</u>
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LIABILITIES

Accounts payable	\$ 4,447
Payroll withholdings	19,871
Long-term liabilities - due within one year	8,427
Net pension liability	<u>1,098</u>
Total liabilities	<u>\$ 33,843</u>

DEFERRED INFLOWS OF RESOURCES

Property taxes	\$ 521,541
Resources related to pensions	<u>51,127</u>
Total deferred inflows of resources	<u>\$ 572,668</u>

NET POSITION

Net investment in capital assets	\$ 172,544
Unrestricted	<u>494,539</u>
Total net position	<u>\$ 667,083</u>

The accompanying notes are an integral part of this financial statement.

MOREHOUSE PARISH LIBRARY
BASTROP, LOUISIANA

STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES - GENERAL FUND
As of and for the Year Ended December 31, 2020

Expenses:	
Current:	
General government:	
Statutory charges	\$ 15,611
Culture and recreation:	
Personal services	337,680
Operating services	111,528
Materials and supplies	8,055
Library materials	35,589
Intergovernmental	3,205
Programs	1,626
Travel	100
Depreciation	<u>6,028</u>
Total expenses	\$ 519,422
Program revenues:	
Culture and recreation:	
Charges for services	<u>4,509</u>
Net program (expense) revenue	<u>\$(514,913)</u>
General revenues:	
Property taxes	\$ 486,526
State revenue sharing	33,455
Interest and miscellaneous	<u>8,517</u>
Total general revenues	<u>\$ 528,498</u>
Change in net position	\$ 13,585
Net position - beginning	<u>653,498</u>
Net position - ending	<u><u>\$ 667,083</u></u>

The accompanying notes are an integral part of this financial statement.

MOREHOUSE PARISH LIBRARY
BASTROP, LOUISIANA

BALANCE SHEET - GOVERNMENTAL FUND - GENERAL FUND
December 31, 2020

ASSETS

Cash	\$ 543,120
Property taxes receivable	<u>521,541</u>
Total assets	<u>\$ 1,064,661</u>

LIABILITIES

Accounts payable	\$ 4,447
Payroll withholdings	<u>19,871</u>
Total liabilities	\$ 24,318

DEFERRED INFLOWS OF RESOURCES

Property taxes	521,541
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FUND BALANCE

Unassigned	<u>518,802</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,064,661</u>

The accompanying notes are an integral part of this financial statement.

MOREHOUSE PARISH LIBRARY
BASTROP, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND - GENERAL FUND
As of and for the Year Ended December 31, 2020

Revenues:		
Property taxes	\$	486,526
State revenue sharing		33,455
Fines and forfeitures		341
Charges for services		4,168
Interest and miscellaneous		<u>6,629</u>
Total revenues	\$	<u>531,119</u>
Expenditures:		
Current:		
General government:		
Statutory charges	\$	15,611
Culture and recreation:		
Personal services		333,543
Operating services		111,528
Materials and supplies		8,055
Library materials		35,589
Intergovernmental		3,205
Programs		1,626
Travel		<u>100</u>
Total expenditures	\$	<u>509,257</u>
Net change in fund balance	\$	21,862
Fund balance - beginning		<u>496,940</u>
Fund balance - ending	\$	<u><u>518,802</u></u>

The accompanying notes are an integral part of this financial statement.

MOREHOUSE PARISH LIBRARY
BASTROP, LOUISIANA

RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEET
TO GOVERNMENT-WIDE STATEMENT OF NET POSITION
December 31, 2020

Total fund balance - governmental fund balance sheet	\$ 518,802
Amounts reported for governmental activities in statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund.	172,544
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(8,427)
Net pension liability does not require the use of current financial resources and therefore is not reported in the funds.	(1,098)
Net effect of deferred outflows of resources and deferred inflows of resources related to pensions do not require the use of current financial resources and therefore are not reported in the funds.	<u>(14,738)</u>
Total net position of governmental activities - government-wide statement of net position	<u>\$ 667,083</u>

The accompanying notes are an integral part of this financial statement.

MOREHOUSE PARISH LIBRARY
BASTROP, LOUISIANA

RECONCILIATION OF GOVERNMENTAL FUND STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE TO
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
December 31, 2020

Net change in fund balance - governmental fund	\$ 21,862
Amounts reported for governmental activities in statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation expense in the current period.	(6,028)
Proportionate share of non-employer contributions to pension plans do not provide current financial resources and are not reported as revenue in the governmental funds.	1,888
Compensated absences are not due and payable in the current period and therefore are not reported in the funds.	(939)
Governmental funds report current year pension contributions as expenditures. However, in the statement of activities, these contributions are reported as deferred inflows of resources and the proportionate share of the plans' pension expense is reported as such.	<u>(3,198)</u>
Change in net position - government-wide statement of activities	<u>\$ 13,585</u>

The accompanying notes are an integral part of this financial statement.

MOREHOUSE PARISH LIBRARY
BASTROP, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

Note 1. Organization and Summary of Significant Accounting Policies

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

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

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

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

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

Basis of Presentation:

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

NOTES TO FINANCIAL STATEMENTS

Reporting Entity:

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

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

Government-Wide Financial Statements:

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

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

Fund Financial Statements:

Fund financial statements are provided for the governmental fund.

Basis of Accounting and Measurement Focus:

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

NOTES TO FINANCIAL STATEMENTS

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

Fund Type and Major Fund:

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

Budgets and Budgetary Accounting:

The Board of Control adopted the annual budget for the General Fund on October 28, 2019. The annual budget was prepared in accordance with the modified cash basis of accounting utilized by the General Fund. The Librarian is authorized to transfer budgeted amounts within and among departments; however, any revisions that alter the total expenditures resulting from revenues exceeding amounts estimated must be approved by the Board of Control. There were no amendments made to the annual budget. The budgetary comparison schedule included as supplementary information in the accompanying financial statements includes the original and final budget amounts. All annual appropriations lapse at fiscal year end.

Use of Estimates:

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

NOTES TO FINANCIAL STATEMENTS

Cash:

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

Under state law, the Library may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Receivables:

Receivables include property taxes.

Uncollectible Allowance:

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

Capital Assets and Depreciation:

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

Pensions:

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

Deferred Outflows/Inflows of Resources:

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

Compensated Absences:

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

Equity Classifications:

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

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

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

Revenue Recognition - Property Taxes:

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

Note 2. Cash and Deposits

The following is a summary of cash and deposits as of December 31, 2020:

Interest-bearing demand deposits	\$ 543,030
Petty cash	<u>90</u>
	<u>\$ 543,120</u>

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

As of December 31, 2020, the Library had \$550,433 in deposits (collected bank balances). These deposits were secured from risk by \$250,000 of federal deposit insurance and \$300,433 of pledged securities held by the Library or its agent in the Library's name.

There were no repurchase or reverse repurchase agreements as of December 31, 2020.

NOTES TO FINANCIAL STATEMENTS

Note 3. Property Taxes

For the year ended December 31, 2020, property taxes of 3.31 mills were levied on property with assessed valuations totaling \$194,033,057 as follows:

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

The following are the principal property taxpayers for the parish as a whole for the year ended December 31, 2020:

<u>Taxpayer</u>	<u>Assessed Valuation</u>
Entergy Louisiana Holdings, Inc.	\$ 8,062,150
Texas Gas Transmission Corp.	7,957,180
Union Pacific Corp.	4,612,190

Total ad valorem taxes levied for the year ended December 31, 2020 were \$521,541. As of December 31, 2020, ad valorem taxes receivable was \$521,541.

NOTES TO FINANCIAL STATEMENTS

Note 4. Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2020 for the Library is as follows:

	Balance January <u>1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	Balance December <u>31, 2020</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 60,000	\$ -	\$ -	\$ 60,000
Capital assets being depreciated:				
Buildings and improvements	\$ 255,234	\$ -	\$ -	\$ 255,234
Furniture and equipment	3,058	-	-	3,058
Computer automation	<u>62,450</u>	<u>-</u>	<u>-</u>	<u>62,450</u>
Total capital assets being depreciated	<u>\$ 320,742</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 320,742</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ 136,662	\$ 6,028	\$ -	\$ 142,690
Furniture and equipment	3,058	-	-	3,058
Computer automation	<u>62,450</u>	<u>-</u>	<u>-</u>	<u>62,450</u>
Total accumulated depreciation	<u>\$ 202,170</u>	<u>\$ 6,028</u>	<u>\$ -</u>	<u>\$ 208,198</u>
Total capital assets being depreciated, net	<u>\$ 118,572</u>	<u>\$ 6,028</u>	<u>\$ -</u>	<u>\$ 112,544</u>

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

Note 5. Long-Term Liabilities

The following is a summary of the transactions of the Library's current portion of long-term liabilities for the year ended December 31, 2020:

	<u>Compensated Absences</u>
Balance - January 1, 2020	\$ 7,488
Additions	<u>939</u>
Balance - December 31, 2020	<u>\$ 8,427</u>

NOTES TO FINANCIAL STATEMENTS

As of December 31, 2020, employees of the Library had accumulated and vested compensated absences which were computed in accordance with GASB Statement No. 16. The total amount accrued as of December 31, 2020 is reported in the statement of net assets as long-term liabilities.

Note 6. Pension Plan and Other Pension Liabilities

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

General Information About PERSLA:

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

1. Any age with 30 or more years of creditable service
2. Age 55 with a minimum of 25 years creditable service
3. Age 60 with a minimum of 10 years of creditable service
4. Age 65 with a minimum of 7 years of creditable service

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

1. Age 55 with 30 years of service
2. Age 62 with 10 years of service
3. Age 67 with 7 years of service

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

NOTES TO FINANCIAL STATEMENTS

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

For the year ended December 31, 2019, the actual employer contribution rate was 11.5%, and the actuarially required contribution rate was 12.18%.

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

Under Plan A, members are required by state statute to contribute 9.5% of their annual covered salary and the Library is required to contribute at an actuarially determined rate. The current rate is 12.25% of annual covered payroll. Contributions to PERSLA also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Library are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Library's contributions to the System under Plan A for the years ended December 31, 2020, 2019, and 2018 were \$18,660, \$17,008, and \$15,042, respectively, equal to the required contributions for each year.

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

As of December 31, 2020, the Library reported a total of \$1,098 for its proportionate share of the net pension liability of the Plan.

The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Library's proportion of the net pension liability was based on a projection of the Library's long-term contributions to the Plan relative to the projected contributions of all participating employers, actuarially determined. The Library's proportions of the Plan as of December 31, 2019 and 2018, were 0.023325% and 0.021277%, respectively.

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2020, the Library recognized pension expense of \$21,871.

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

Deferred outflows of resources:

Changes in proportion	\$ 2,395
Changes of assumptions	15,335
Contributions subsequent to the measurement date	18,659
Total deferred outflows of resources	\$ 36,389

Deferred inflows of resources:

Changes in proportion	\$ 138
Differences between expected and actual experience	9,830
Net difference between projected and actual earnings on pension plan investments	41,159
Total deferred inflows of resources	\$ 51,127

The deferred outflows of resources related to pensions resulting from the Library's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ending December 31,</u>	
2021	\$(7,215)
2022	(9,465)
2023	1,813
2024	(18,530)
Total	\$(33,397)

NOTES TO FINANCIAL STATEMENTS

Actuarial Assumptions:

The total pension liabilities in the December 31, 2018 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurements:

Inflation	2.40%
Salary increases	4.75%
Investment rate of return	6.50%
Actuarial cost method	entry age normal
Expected remaining service lives	4 years

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

The investment rate of return was determined based on a triangulation method which integrated the capital asset pricing model (top-down), a treasury yield curve approach (bottom-up), and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.18%.

NOTES TO FINANCIAL STATEMENTS

Target Asset Allocation and Expected Rate of Return:

The Plan's target asset allocation and expected rate of return as of December 31, 2018, are as follows:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Fixed income	35%	1.05%
Equity	52%	3.41%
Alternatives	11%	.61%
Real assets	<u>2%</u>	<u>.11%</u>
Totals	<u>100%</u>	5.18%
Inflation		<u>2.00%</u>
Expected arithmetic nominal return		<u>7.18%</u>

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

The following presents the Library's proportionate share of the net pension liability of the Plan, calculated using the discount rates as shown above, as well as what the Library's proportionate share of the net pension liability 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>(5.50%)</u>	Current Discount <u>Rate (6.50%)</u>	1% Increase <u>(7.50%)</u>
\$ 118,675	\$ 1,098	\$ (97,429)

Pension Plan Fiduciary Net Position:

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

NOTES TO FINANCIAL STATEMENTS

Note 7. Risk Management

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

Note 8. Subsequent Events

Since March 2020, the spread of COVID-19 has severely impacted many local economies. Measures taken to contain the spread of the virus have triggered significant disruptions to businesses. The Library's future cash flows could be affected by the economic slowdown that has resulted from these measures. The Library has determined that the impact of COVID-19 is a non-adjusting subsequent event. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2020 have not been adjusted to reflect this potential impact. The duration and impact of the COVID-19 pandemic remains unclear as of the date of this report.

Subsequent events were evaluated through May 12, 2021 which is the day the financial statements were available to be issued, and it was determined that no significant events had occurred requiring disclosure.

REQUIRED SUPPLEMENTAL INFORMATION (PART B)

MOREHOUSE PARISH LIBRARY
BASTROP, LOUISIANA

BUDGETARY (NON-GAAP BASIS) COMPARISON SCHEDULE -
GOVERNMENTAL FUND - GENERAL FUND
As of and for the Year Ended December 31, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property taxes	\$ 514,018	\$ 514,018	\$ 486,526	\$(27,492)
State revenue sharing	25,982	25,982	33,455	7,473
Fines and forfeitures	1,062	1,062	341	(721)
Charges for services	4,511	4,511	4,168	(343)
Interest and miscellaneous	4,427	4,427	6,628	2,201
Total revenues	<u>\$ 550,000</u>	<u>\$ 550,000</u>	<u>\$ 531,118</u>	<u>\$(18,882)</u>
Expenditures:				
Current:				
General government:				
Statutory charges	\$ -	\$ -	\$ 15,611	\$(15,611)
Culture and recreation:				
Personal services	262,868	262,868	332,168	(69,300)
Operating services	116,877	116,877	119,791	(2,914)
Materials and supplies	9,000	9,000	8,083	917
Library materials	36,451	36,451	35,950	501
Intergovernmental	3,204	3,204	3,204	-
Programs	12,000	12,000	1,626	10,374
Travel	-	-	100	(100)
Capital outlay	5,000	5,000	-	5,000
Total expenditures	<u>\$ 445,400</u>	<u>\$ 445,400</u>	<u>\$ 516,533</u>	<u>\$(71,133)</u>
Net change in fund balance (non-GAAP basis)	\$ 104,600	\$ 104,600	\$ 14,585	\$(90,015)
Fund balance (GAAP and non- GAAP basis) - beginning	<u>-</u>	<u>-</u>	<u>517,107</u>	<u>517,107</u>

(continued)

MOREHOUSE PARISH LIBRARY
BASTROP, LOUISIANA

BUDGETARY (NON-GAAP) COMPARISON SCHEDULE -
GOVERNMENTAL FUND - GENERAL FUND (Continued)
As of and for the Year Ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Fund balance (non-GAAP basis) - ending	\$ 104,600	\$ 104,600	\$ 531,692	\$ 427,092
Adjustments to generally accepted accounting principles (GAAP):				
Payroll accruals			(1,445)	
Revenue accruals			(521,541)	
Expenditure accruals			(8,600)	
Miscellaneous			(2,845)	
Deferred inflows of resources			<u>521,541</u>	
Fund balance (GAAP basis) - ending			\$ 518,802	

The accompanying notes are an integral part of this financial statement.

MOREHOUSE PARISH LIBRARY
BASTROP, LOUISIANA

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of net pension liability	.023325%	.021277%	.020772%	.022053%	.028057%	.026618%
Proportionate share of net pension liability (asset)	\$ 1,098	\$ 94,435	\$(15,418)	\$ 45,418	\$ 73,854	\$ 7,278
Covered employees' payroll	\$ 147,896	\$ 130,803	\$ 127,856	\$ 138,239	\$ 160,871	\$ 150,630
Proportionate share of net pension liability (asset) as a percentage of covered employees' payroll	.74%	72.20%	(12.06%)	32.85%	45.91%	4.83%
Plan fiduciary net position as a percentage of total pension liability	99.89%	88.86%	101.98%	94.15%	92.23%	99.15%

The accompanying notes are an integral part of this financial statement.

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MOREHOUSE PARISH LIBRARY
BASTROP, LOUISIANA

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

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

The accompanying notes are an integral part of this financial statement.

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OTHER SUPPLEMENTAL SCHEDULES

MOREHOUSE PARISH LIBRARY
BASTROP, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS,
AND OTHER PAYMENTS TO AGENCY HEAD
As of and For the Year Ended December 31, 2020

The Library paid no compensation, reimbursements, or benefits to an agency head during the year ended December 31, 2020.

The accompanying notes are an integral part of this financial statement.

COMPLIANCE REPORTING

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

To the Board of Control
Morehouse Parish Library
Bastrop, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of Morehouse Parish Library, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements, and have issued my report thereon dated May 12, 2021.

Internal Control Over Financial Reporting

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

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be a material weakness or significant deficiency and therefore, material weaknesses or significant deficiencies may exist that were not identified. I did identify a deficiency in internal control described in the accompanying Schedule of Findings and Questioned Costs as 2018-1 that I consider to be a significant deficiency.

To the Board of Control
Morehouse Parish Library
Bastrop, Louisiana

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Morehouse Parish Library's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2020-2.

Morehouse Parish Library's Response to Findings

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

Purpose of this Report

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

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

David M. Havel, CPA (APPC)

West Monroe, Louisiana
May 12, 2021

MOREHOUSE PARISH LIBRARY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020

To the Board of Control
Morehouse Parish Library
Bastrop, Louisiana

I have audited the financial statements of Morehouse Parish Library, a component unit of the Morehouse Parish Police Jury as of and for the year ended December 31, 2020, and have issued my report thereon dated May 12, 2021. I conducted my 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. My audit of the financial statements as of December 31, 2020, resulted in an unqualified opinion.

Section I- Summary of Auditor's Results

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

Internal Control

Material Weakness yes no
Significant Deficiencies not considered to be
Material Weaknesses yes no

Compliance

Compliance Material to Financial Statements yes no

B. Federal Awards – N/A

Material Weakness Identified yes no
Significant Deficiencies not considered to be
Material Weaknesses yes no

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

Unqualified Qualified
Disclaimer Adverse

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

C. Identification of Major Programs: N/A

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

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

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

MOREHOUSE PARISH LIBRARY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

2020-1 Inadequate Segregation of Duties

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

Condition: All accounting duties are performed by one employee.

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

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

Recommendation: None

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

2020-2 Unfavorable Budget Variances

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

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

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

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

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

Section II - Financial Statement Findings

No findings were reported under this section.

Section III - Management Letter

No management letter was issued.

MOREHOUSE PARISH LIBRARY
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

2019-1 Inadequate Segregation of Duties

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

Condition: All accounting duties are performed by one employee.

Recommendation: None

Finding Status: Unresolved, see 2020-1 in current year findings.

2019-2 Unfavorable Budget Variances

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

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

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

Finding Status: Unresolved, see 2020-2 in current year findings.

Section II - Internal Control and Compliance Material to Federal Awards

This section is not applicable for this entity.

Section III - Management Letter

This section is not applicable for this entity.