

LAUREL - JONES COUNTY

LIBRARY SYSTEM, INC.

AUDIT REPORT

SEPTEMBER 30, 2025

LAUREL - JONES COUNTY LIBRARY SYSTEM, INC.
AUDIT REPORT
SEPTEMBER 30, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Laurel - Jones County Library System, Inc.

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Laurel-Jones County Library System, Inc., as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Laurel-Jones County Library System, Inc.'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, each major fund, and the aggregate remaining fund information of the Laurel-Jones County Library System, Inc., as of September 30, 2025 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Laurel-Jones County Library System, Inc., 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 unmodified audit opinion.

Emphasis of Matter—Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

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 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, 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 Laurel-Jones County Library System, Inc.'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 Laurel-Jones County Library System, Inc.'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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Laurel-Jones County Library System, Inc.'s basic financial statements. The budgetary comparison schedule for the general fund and the schedule of subgrant payments received by the Mississippi Library Commission are presented for purposes of additional analysis and are 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, budgetary comparison schedule for the general fund and the schedule of subgrant payments received by the Mississippi Library Commission are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Holt & Associates, PLLC

Laurel, MS
November 10, 2025

FINANCIAL STATEMENTS

LAUREL - JONES COUNTY LIBRARY SYSTEM, INC.
STATEMENT OF NET POSITION-MODIFIED CASH BASIS
SEPTEMBER 30, 2025

	<u>Primary Government</u> Governmental Activities
Assets	
Cash and cash equivalents	\$ 248,486
Investments	973,619
Restricted Assets	
Investments	15,000
Capital assets (not being depreciated)	
Land	14,040
Capital assets (net of accumulated depreciation)	
Building	788,317
Building improvements	263,825
Furniture and equipment	150,086
Total Assets	<u>2,453,373</u>
Net Assets	
Investment in capital assets, net of related debt	1,216,268
Restricted net assets:	
Expendable	
Mason Room	104,889
Nonexpendable	
Permanent Investment	15,000
Unrestricted	<u>1,117,216</u>
Total Net Position	<u>\$ 2,453,373</u>

The notes to the financial statement are an integral part of this statement.

**LAUREL - JONES COUNTY LIBRARY, SYSTEM, INC.
STATEMENT OF ACTIVITIES-MODIFIED CASH BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Primary Governmental Activities
Primary Government:				
Governmental Activities:				
Cultural and recreation	\$ 1,055,090	\$ 32,560	\$ 147,690	(874,840)
Total governmental activities	<u>\$ 1,055,090</u>	<u>\$ 32,560</u>	<u>\$ 147,690</u>	<u>(874,840)</u>
General Revenues:				
Unrestricted grants and contributions:				
City of Laurel				135,000
City of Ellisville				50,800
Jones County				611,652
Unrestricted investment earnings				41,552
Donations				11,761
Genealogy				6,380
Other				<u>49,493</u>
Total General Revenues				<u>906,638</u>
Change in Net Position				31,798
Net Position - Cash Basis, beginning				<u>2,421,575</u>
Net Position - Cash Basis, ending				<u>\$ 2,453,373</u>

The notes to the financial statement are an integral part of this statement.

LAUREL - JONES COUNTY LIBRARY SYSTEM, INC.
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

	General Funds	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 248,447	\$ 39	\$ 248,486
Investments	<u>868,769</u>	<u>119,850</u>	<u>988,619</u>
Total Assets	<u>\$ 1,117,216</u>	<u>\$ 119,889</u>	<u>\$ 1,237,105</u>
<u>FUND BALANCE</u>			
Nonspendable:			
Permanent fund principal	\$ -	\$ 15,000	\$ 15,000
Restricted:			
Mason Room	-	104,889	104,889
Committed:			
Library materials	12,242	-	12,242
Unassigned	<u>1,104,974</u>	<u>-</u>	<u>1,104,974</u>
Total Fund Balance	<u>1,117,216</u>	<u>119,889</u>	<u>1,237,105</u>
Total Liabilities and Fund Balance	<u>\$ 1,117,216</u>	<u>\$ 119,889</u>	<u>\$ 1,237,105</u>

The notes to the financial statements are an integral part of this statement.

**LAUREL - JONES COUNTY LIBRARY SYSTEM, INC.
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION-MODIFIED CASH BASIS
SEPTEMBER 30, 2025**

	Amount
Total Fund Balance - Governmental Funds	\$ 1,237,105
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>1. Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:</p>	
Land	\$ 14,040
Buildings	788,317
Building improvements	263,825
Furniture and equipment	150,086
	1,216,268
Total Net Position - Governmental Activities	\$ 2,453,373

The notes to the financial statements are an integral part of this statement.

LAUREL - JONES COUNTY LIBRARY SYSTEM, INC.
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES-MODIFIED CASH BASIS GOVERNMENTAL FUNDS
FOR YEAR ENDED SEPTEMBER 30, 2025

REVENUES:	General	Other	Total
Operations:	<u>Funds</u>	<u>Governmental</u>	<u>Governmental</u>
Local sources:		<u>Funds</u>	<u>Funds</u>
City of Laurel	\$ 135,000	\$ -	\$ 135,000
City of Ellisville	50,800	-	50,800
Jones County	611,652	-	611,652
State sources:			
Personnel Incentive	69,624	-	69,624
Health Insurance	67,971	-	67,971
Life Insurance	759	-	759
Federal sources:			
Information Access	8,000	-	8,000
ILL Transport	1,336	-	1,336
Library collections:			
Meeting room	3,540	-	3,540
Fines	15,149	-	15,149
Book reimbursement	556	-	556
Copy fees	13,315	-	13,315
Donations	11,761	-	11,761
Miscellaneous	44,251	-	44,251
Interest	28,496	-	28,496
Dividend	13,679	11,167	24,846
Realized gain (loss) on investments	444	1,010	1,454
Other:			
Genealogy Revenue	6,380	-	6,380
TOTAL REVENUES	<u>1,082,713</u>	<u>12,177</u>	<u>1,094,890</u>

The notes to the financial statements are an integral part of this statement.

LAUREL - JONES COUNTY LIBRARY SYSTEM, INC.
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES-MODIFIED CASH BASIS GOVERNMENTAL FUNDS
FOR YEAR ENDED SEPTEMBER 30, 2025

	General Funds	Other Governmental Funds	Total Governmental Funds
EXPENDITURES:			
Salaries and wages	\$ 461,191	\$ -	\$ 461,191
Payroll taxes/benefits	201,744	-	201,744
Library materials	78,594	-	78,594
Supplies and postage	17,734	-	17,734
Insurance	7,751	-	7,751
Automobile	1,163	-	1,163
Staff development and promotion	3,494	-	3,494
Utilities	29,503	-	29,503
Building and equipment maintenance	76,907	-	76,907
Professional services	16,457	-	16,457
Rental	3,856	-	3,856
Contractual	100,885	-	100,885
Miscellaneous	11,287	-	11,287
Trolley Expenses	19,880	-	19,880
Capital Outlay	47,696	-	47,696
TOTAL EXPENDITURES	<u>1,078,142</u>	<u>-</u>	<u>1,078,142</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>4,571</u>	<u>12,177</u>	<u>16,748</u>
OTHER FINANCING SOURCES (USES):			
Net increase (decrease) in fair value of investments	<u>(1,067)</u>	<u>(4,636)</u>	<u>(5,703)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,067)</u>	<u>(4,636)</u>	<u>(5,703)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	3,504	7,541	11,045
Cash Basis Fund Balance - Beginning	<u>1,113,712</u>	<u>112,348</u>	<u>1,226,060</u>
Cash Basis Fund Balance - Ending	<u>\$ 1,117,216</u>	<u>\$ 119,889</u>	<u>\$ 1,237,105</u>

The notes to the financial statements are an integral part of this statement.

LAUREL - JONES COUNTY LIBRARY SYSTEM, INC.
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES-MODIFIED CASH BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Amount
Net Change in Fund Balances - Governmental Funds	\$ 11,045
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>1. Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:</p>	
Capital outlay	115,539
Gain (Loss) on sale of capital assets	(2,299)
Depreciation expense	(92,487)
	20,753
Change in Net Position of Governmental Activities	\$ 31,798

The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

LAUREL – JONES COUNTY LIBRARY SYSTEM, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FINANCIAL REPORTING ENTITY

For financial reporting purposes, the reporting entity includes all funds that are covered by the oversight responsibility of the library system's governing board. As defined by the modified cash basis of accounting, the library system is considered a "primary government." The library system is governed by a board of trustees, which consists of five members representing Jones County, five members representing the City of Laurel, one member representing the City of Ellisville, and one member representing the Town of Sandersville.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of the Library. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Position presents the Library's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

1. Invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances of bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.
2. Restricted net position result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted net position consists of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

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

LAUREL – JONES COUNTY LIBRARY SYSTEM, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Fund Financial Statements - Separate financial statements are provided for governmental funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported in separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other governmental funds.

The library system reports the following major governmental fund:

General Fund – The General Fund is the general operating fund of the Library. It accounts for all financial resources, except those required to be accounted for in another fund.

All other governmental funds not meeting the criteria established for major funds are presented in the other governmental column of the fund financial statements.

Additionally, the library system reports the following fund type:

GOVERNMENTAL FUNDS:

Permanent Funds – Permanent Funds are used to account for resources that are legally restricted to the extent that only earnings, and not the principal, may be used for purposes that support the library system’s programs.

C. MEASUREMENT FOCUS BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The Government-wide and Governmental Funds financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves the reporting of only cash and cash equivalents and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) reported in the period in which they occurred. This modified cash basis of accounting differs from GAAP primarily because revenues (cash receipts) are recognized when received in cash rather than when earned and susceptible to accrual, and expenditures or expenses (cash disbursements) are recognized when paid rather than when incurred or subject to accrual.

D. BUDGETS

The budget is adopted by the board. Amendments are made during the year with the approval of the board. For comparison purposes, only budgeted governmental funds are included and are presented on the same basis of accounting as the budget which is consistent with the cash basis of accounting.

LAUREL – JONES COUNTY LIBRARY SYSTEM, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

E. ENCUMBRANCES

An encumbrance system is not maintained to account for commitments resulting from approved purchase orders, work orders, and contracts.

F. CASH AND CASH EQUIVALENTS

The library system deposits excess funds in the financial institution selected by the board in accordance with state statutes.

Cash and cash equivalents consist of amounts on deposit in demand accounts, certificates of deposits with original maturity of twelve months or less when purchased. Cash and cash equivalents are valued at cost.

G. INVESTMENTS

Investments are reported at fair value, which is determined using selected basis. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

For accounting purposes, certificates of deposit are classified as investments if they have a maturity greater than twelve months when acquired.

H. CAPITAL ASSETS

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed assets are reported at estimated fair value at the time received.

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets are reported in the government-wide statements. Depreciation is calculated on the straight-line basis for all assets, except land. The following schedule details those thresholds:

	Capitalization <u>Policy</u>	Estimated <u>Useful Life</u>
Land	\$0	0
Buildings	\$1,000	40 years
Building improvements	\$1,000	20 years
Furniture and equipment	\$1,000	3-7 years

LAUREL – JONES COUNTY LIBRARY SYSTEM, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

I. FUND BALANCES

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. Following are descriptions of fund classifications used by the library system:

Nonspendable fund balance includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds are restricted, committed, or assigned) and activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund.

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Committed fund balance includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the Board of Trustees, the library system's highest level of decision-making authority. To be reported as committed, amounts cannot be used for any other purpose unless the library system takes the same highest level action to remove or change the constraint.

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance.

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available, it is the library system's general policy to use restricted resources first. When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the library system's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

LAUREL – JONES COUNTY LIBRARY SYSTEM, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

J. USE OF ESTIMATES

The preparation of financial statements in conformity with the modified cash basis of accounting which requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - CASH AND CASH EQUIVALENTS

Deposits. The library must advertise and accept bids for depositories no less than once every three years as required by Section 37-7-333, Miss. Code Ann. (1972). The collateral pledged for public entities' deposits in financial institutions are now held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depositor Insurance Corporation.

The carrying amount of the library system's deposits with financial institutions was \$247,827, and the bank balance was \$258,641.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the library will not be able to recover deposits or collateral securities that are in the possession of an outside party. The library does not have a deposit policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on on behalf of the district. Deposits above FDIC coverage are collateralized by the pledging financial institutions trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of September 30, 2025, none of the library system's bank balance of \$247,827 was exposed to custodial credit risk.

**LAUREL – JONES COUNTY LIBRARY SYSTEM, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Note 3 - Investments

Investments made by the library system that are included on the balance sheet are summarized below. These investments are insured or registered and are held by the library system or its agent in the library system’s name.

<u>Investments</u>	<u>Maturities (in years)</u>	<u>Fair Value</u>	<u>Rating</u>
Certificate of Deposit	0.5	\$ 697,628	N/A
Mutual Funds	N/A	<u>290,991</u>	N/A
Total Investments		<u>\$ 988,619</u>	

The library system has the following recurring fair value measurements as of September 30, 2025:

- Certificate of Deposit and mutual funds type of investments of \$988,619 are valued using quoted market prices (Level 1 inputs).

Interest Rate Risk. The library system does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State law limits investments to those prescribed in Sections 27-105-33(d) and 27-105-33(e), Miss. Code Ann. (1972). The library system does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

Custodial Credit Risk - Investments. Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the library system will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The library does not have a formal investment policy that addresses custodial credit risk. The investments in the LPL Financial are uninsured and unregistered and are not backed by the full faith and credit of the federal government.

NOTE 4 – RESTRICTED ASSET

The restricted asset represents the investment balance, total \$15,000, of the permanent fund which is legally restricted for the maintenance of the Mason Room.

LAUREL – JONES COUNTY LIBRARY SYSTEM, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

NOTE 5 – CAPITAL ASSETS

The following is a summary of changes in capital assets for governmental activities:

	<u>Oct. 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Sept. 30, 2025</u>
<u>Non-Depreciable Capital Assets</u>				
Land	\$ 14,040	\$ -	\$ -	\$ 14,040
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Non-Depreciable Assets	<u>14,040</u>	<u>-</u>	<u>-</u>	<u>14,040</u>
<u>Depreciable Capital Assets</u>				
Buildings	1,409,087	-	-	1,409,087
Building Improvements	250,428	47,696	-	298,124
Furniture & Equipment	<u>622,455</u>	<u>67,843</u>	<u>137,517</u>	<u>552,781</u>
Total Depreciable Assets	<u>2,281,970</u>	<u>115,539</u>	<u>137,517</u>	<u>2,259,992</u>
Less Accumulated Depreciation For:				
Buildings	584,434	36,336	-	620,770
Building Improvements	26,729	7,570	-	34,299
Furniture & Equipment	<u>489,332</u>	<u>48,581</u>	<u>135,218</u>	<u>402,695</u>
Total Accumulated Depreciation	<u>1,100,495</u>	<u>92,487</u>	<u>135,218</u>	<u>1,057,764</u>
Total Depreciable Capital Assets, Net	<u>1,181,475</u>	<u>23,052</u>	<u>2,299</u>	<u>1,202,228</u>
Total Capital Assets	<u>\$ 1,195,515</u>	<u>\$ 23,052</u>	<u>\$ 2,299</u>	<u>\$ 1,216,268</u>

Depreciation expense of \$92,487 was charged to the governmental function, culture and recreation

NOTE 6 – RISK MANAGEMENT

The library system 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 system carries commercial insurance for these events. Claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three years.

LAUREL – JONES COUNTY LIBRARY SYSTEM, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

NOTE 7 - DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan Description. The library contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

Benefits provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees.

If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less.

Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter.

LAUREL – JONES COUNTY LIBRARY SYSTEM, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

NOTE 7 - DEFINED BENEFIT PENSION PLAN – (CONTINUED)

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the Library is required to contribute at an actuarially determined rate. The employer’s rate as of September 30, 2025, was 18.40% of annual covered payroll. Plan provisions and the Board of Trustees’ authority to determine contribution rates are established by Section 25-11-1 of the Mississippi Code of 1972, as amended, and may be amended only by the Mississippi Legislature.

The Library’s contributions to PERS for the fiscal years ending September 30, 2025, 2024, and 2023 were \$74,197, \$68,365, and \$56,648, respectively, which equaled the required contributions for each year.

NOTE 8 – OPERATING LEASE

The library system has four operating leases for copiers. The lease agreements are for five years. Lease expenditures for the year ended September 30, 2025, amounted to \$3,856. Future lease payments for the leases are as follows:

Year Ending <u>September 30,</u>	<u>Amount</u>
2026	\$ 3,460
2027	<u>1,261</u>
	<u>\$ 4,721</u>

NOTE 9 – SUBSEQUENT EVENTS

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Laurel-Jones County Library System, Inc. evaluated the activity of the Library through November 10, 2025, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

LAUREL - JONES COUNTY LIBRARY SYSTEM, INC.
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

REVENUES:	Budgeted Amounts		Actual (Cash Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Operations:					
Local sources:					
City of Laurel	\$ 135,000	\$ 135,000	\$ 135,000	\$ -	\$ -
City of Ellisville	50,800	50,800	50,800	-	-
Jones County	638,741	609,588	611,652	(29,153)	2,064
State sources:					
Personnel Incentive	71,000	70,300	69,624	(700)	(676)
Health Insurance	59,000	73,300	67,971	14,300	(5,329)
Life Insurance	600	850	759	250	(91)
Federal sources:					
Information Access	8,000	8,000	8,000	-	-
Institutional Capacity	1,000	1,000	1,336	-	336
Library collections:					
Meeting room	500	3,550	3,540	3,050	(10)
Fines	5,500	9,500	15,149	4,000	5,649
Book reimbursement	500	500	556	-	56
Copy fees	7,000	11,000	13,315	4,000	2,315
Donations	36,500	12,000	11,761	(24,500)	(239)
Miscellaneous	201,941	58,950	44,251	(142,991)	(14,699)
Interest	2,300	18,000	28,496	15,700	10,496
Dividends	-	29,750	13,679	29,750	(16,071)
Realized gain (loss) on investment	-	-	444	-	444
Other:					
Genealogy Revenue	<u>3,600</u>	<u>6,380</u>	<u>6,380</u>	<u>2,780</u>	<u>-</u>
TOTAL REVENUES	<u>1,221,982</u>	<u>1,098,468</u>	<u>1,082,713</u>	<u>(123,514)</u>	<u>(15,755)</u>

The notes to the supplementary information are an integral part of this statement.

LAUREL - JONES COUNTY LIBRARY SYSTEM, INC.
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual (Cash Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
	EXPENDITURES:				
Salaries and wages	483,000	464,000	461,191	19,000	2,809
Payroll taxes/benefits	220,000	196,200	201,744	23,800	(5,544)
Library materials	77,609	65,210	78,594	12,399	(13,384)
Supplies and postage	64,000	38,500	17,734	25,500	20,766
Insurance	11,800	8,737	7,751	3,063	986
Automobile	3,500	2,000	1,163	1,500	837
Staff development and promotion	5,000	4,000	3,494	1,000	506
Utilities	31,743	30,600	29,503	1,143	1,097
Building and equipment maintenanc	53,000	50,300	76,907	2,700	(26,607)
Professional services	16,000	16,350	16,457	(350)	(107)
Rental	4,000	3,700	3,856	300	(156)
Contractual	89,500	110,000	100,885	(20,500)	9,115
Miscellaneous	4,500	6,740	11,287	(2,240)	(4,547)
Trolley expenses	44,500	21,200	19,880	23,300	1,320
Capital Outlay	<u>113,830</u>	<u>72,000</u>	<u>47,696</u>	<u>41,830</u>	<u>24,304</u>
TOTAL EXPENDITURES	<u>1,221,982</u>	<u>1,089,537</u>	<u>1,078,142</u>	<u>132,445</u>	<u>11,395</u>
 EXCESS OF REVENUES					
OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ 8,931</u>	<u>\$ 4,571</u>	<u>\$ 8,931</u>	<u>\$ (4,360)</u>
 OTHER FINANCING SOURCES (USES):					
Net increase (decrease) in fair value of investments	<u>-</u>	<u>-</u>	<u>(1,067)</u>	<u>-</u>	<u>(1,067)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(1,067)</u>	<u>-</u>	<u>(1,067)</u>
 NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>\$ 8,931</u>	<u>\$ 3,504</u>	<u>\$ 8,931</u>	<u>\$ (5,427)</u>
 Fund Balance - October 1	<u>1,113,712</u>	<u>1,113,712</u>	<u>1,113,712</u>	<u>-</u>	<u>-</u>
 Fund Balance - September 30	<u>\$ 1,113,712</u>	<u>\$ 1,122,643</u>	<u>\$ 1,117,216</u>	<u>\$ 8,931</u>	<u>\$ (5,427)</u>

The notes to the supplementary information are an integral part of this statement.

**LAUREL - JONES COUNTY LIBRARY SYSTEM, INC.
MISSISSIPPI LIBRARY COMMISSION
REPORT OF SUBGRANT PAYMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

State sources:

Health Insurance	SH25-360-22-0	<u>\$ 67,971</u>	
Total Health Insurance			67,971
Life Insurance	SL25-361-22-0	<u>759</u>	
Total Life Insurance			759
PIGP Payment	SP25-362-22-0	52,704	
PIGP Payment	SP26-362-22-0	<u>16,920</u>	
Total PIGP Payment			<u>69,624</u>
<i>Total State Sources</i>			<u>138,354</u>

Federal sources:

Information Access	FIA25-000-22-0	8,000	
ILL Transport	FOT19-1909-22-0	<u>1,336</u>	
<i>Total Federal Sources</i>			<u>9,336</u>
Total Cash Basis Subgrant Payments			<u><u>\$ 147,690</u></u>

The notes to the supplementary information are an integral part of this statement.

**LAUREL – JONES COUNTY LIBRARY SYSTEM, INC.
NOTES TO THE SUPPLEMENTARY INFORMATION
FOR YEAR ENDED SEPTEMBER 30, 2025**

Budgetary Comparison Schedule

(1) Basis of Presentation.

The Budgetary Comparison Schedule presents the original legally adopted budget, the final legally adopted budget, the actual data on the modified cash basis, variances between the original budget and the final budget, and variances between the final budget and the actual data.

(2) Budget amendments and revisions.

The budget is adopted by the Board of Trustees. Amendments can be made on the approval of the board. A budgetary comparison is presented for the general fund consistent with the cash basis of accounting.

REPORTS ON COMPLIANCE AND INTERNAL CONTROL



JULIE M. UHER, CPA
KARI M. BLACKLEDGE, CPA
SHERI A. KELLY, CPA

H. I. HOLT, CPA | FOUNDER | 1915-1997

**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 Trustees
Laurel-Jones County Library System, Inc.

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, each major fund, and the aggregate remaining fund information of Laurel-Jones County Library System, Inc., as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise Laurel-Jones County Library System, Inc.'s basic financial statements and have issued our report thereon dated November 10, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Laurel-Jones County Library System, Inc.'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 Laurel-Jones County Library System, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Laurel-Jones County Library System, Inc.'s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2025-1 to be material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and responses as items 2025-2 to be a significant deficiency.

Report on Compliance and Other Matters

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

Laurel-Jones County Library System, Inc.'s Response to Finding

Laurel-Jones County Library System, Inc.'s response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. Laurel-Jones County Library System, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Holt & Associates, PLLC

Laurel, Mississippi
November 10, 2025

LAUREL-JONES COUNTY LIBRARY SYSTEM, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR YEAR ENDED SEPTEMBER 30, 2025

SIGNIFICANT DEFICIENCY CONSIDERED TO BE A MATERIAL WEAKNESS:

FINDING 2025-1

Finding:

The entity did not perform accurate bank reconciliations. Several issues were identified after the year-end audit began including:

- **Duplicated deposit was posted**
- **Revenue and expenditures were not properly dated**
- **Bank reconciliation was not properly dated**

Recommendation:

Bank reconciliations prepared monthly should be reviewed by an individual independent of cash handling and recording, and that all reconciling items be promptly investigated and resolved to ensure accuracy of cash balances and safeguard assets.

Response:

The Director, is aware of these issues and has been working with staff to correct mistakes. We are currently working on new ways to improve the flow of paperwork and the recording of revenue and expenditures in a way that will clear up any confusion between the date a transaction was made and the date it actually cleared the account, especially when different months are affected. Additional staff is being trained on all accounting items and for an additional check once the monthly bookkeeping is completed.

SIGNIFICANT DEFICIENCY NOT CONSIDERED TO BE A MATERIAL WEAKNESS:

FINDING 2025-2

Finding:

There is a limited accounting staff to properly segregate the duties normally required for an efficient internal control structure. However, due to the limited number of personnel, an adequate segregation of duties is not possible without additional costs.

Recommendation:

The cost of hiring additional personnel versus the benefit of a proper segregation of duties must be weighed.

LAUREL-JONES COUNTY LIBRARY SYSTEM, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR YEAR ENDED SEPTEMBER 30, 2025

Response:

Laurel - Jones County Library System, Inc. has a small staff. The funds that would be required to increase the staff size and include the level of professionals that would be required to create proper segregation of accounting duties are not, and will not, be provided by the funding agencies.

We have made every effort to achieve a satisfactory level of proper segregation by dividing accounting duties among several of the management staff. In addition, we rely on the circulation staff's diligence, accuracy, and integrity in the handling of daily cash transactions with patrons. The Laurel - Jones County Library System, Inc. Board of Trustees reviews all of our financial transactions quarterly.