

BASIC FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

CITY COURT OF JENNINGS,
LOUISIANA

(A Component Unit of the City of Jennings, Louisiana)

JUNE 30, 2023

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INDEPENDENT AUDITORS' REPORT

Honorable Judge Daniel Stretcher
City Court of Jennings, Louisiana

Opinion

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the City Court of Jennings, Louisiana, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City Court of Jennings, Louisiana'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, the major fund, and the aggregate remaining fund information of the City Court of Jennings, Louisiana, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City Court of Jennings, Louisiana, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' 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 auditors' 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 City Court of Jennings, Louisiana'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 City Court of Jennings, Louisiana's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 37, schedule of employer's proportionate share of net pension liability on page 38, and schedule of employer's pension contributions on page 39 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such

missing 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City Court of Jennings, Louisiana's basic financial statements. The schedule of compensation, benefits, and other payments to the City Judge and justice system funding schedule – collecting/disbursing entity 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 schedule of compensation, benefits, and other payments to the City Judge and justice system funding schedule – collecting/disbursing entity are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2024 on our consideration of the City Court of Jennings, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City Court of Jennings, Louisiana's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City Court of Jennings, Louisiana's internal control over financial reporting and compliance.

Joyce Williams Co., P.C.

Lake Charles, Louisiana
March 28, 2024

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements (GWFS)

CITY COURT OF JENNINGS, LOUISIANA

**Statement of Net Position
June 30, 2023**

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 527,144
Interfund receivables	<u>29,803</u>
Total assets	556,947
DEFERRED OUTFLOWS OF RESOURCES	
Pension-related deferrals	<u>22,381</u>
Total assets and deferred outflow of resources	<u><u>\$ 579,328</u></u>
LIABILITIES	
Accounts payable	\$ 6,074
Net pension liability	<u>108,860</u>
Total liabilities	114,934
DEFERRED INFLOWS OF RESOURCES	
Pension-related deferrals	30,036
NET POSITION	
Unrestricted	<u>434,358</u>
Total Net Position	<u><u>434,358</u></u>
Total liabilities deferred inflows of resources and net position	<u><u>\$ 579,328</u></u>

See accompanying notes and independent auditors' report.

CITY COURT OF JENNINGS, LOUISIANA

**Statement of Activities
For the Year Ended June 30, 2023**

Activities	Expenses	Program Revenues		Net Revenue and Changes in Net Position
		Fees and Charges for Service	Judicial Building	
Governmental activities:				
Judicial	\$ 322,784	\$ 218,224	\$ 42,444	\$ (62,116)
Total Governmental Activities	\$ 322,784	\$ 218,224	\$ 42,444	(62,116)
			General revenues:	
			On-behalf payments	213,298
			Total general revenues	213,298
			Change in net position	151,182
			Net position - beginning of year	283,176
			Net position - end of year	\$ 434,358

See accompanying notes and independent auditors' report.

Fund Financial Statements

CITY COURT OF JENNINGS, LOUISIANA

BALANCE SHEET-GOVERNMENTAL FUNDS

June 30, 2023

	<u>City Court General Fund</u>	<u>Nonmajor Governmental Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 432,388	\$ 94,756	\$ 527,144
Interfund receivable	<u>23,638</u>	<u>6,165</u>	<u>29,803</u>
TOTAL ASSETS	<u><u>\$ 456,026</u></u>	<u><u>\$ 100,921</u></u>	<u><u>\$ 556,947</u></u>
 LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	<u>\$ 4,838</u>	<u>\$ 1,236</u>	<u>\$ 6,074</u>
Total Liabilities	4,838	1,236	6,074
Fund Balance:			
Unassigned	<u>451,188</u>	<u>99,685</u>	<u>550,873</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 456,026</u></u>	<u><u>\$ 100,921</u></u>	<u><u>\$ 556,947</u></u>

See accompanying notes and independent auditors' report.

CITY COURT OF JENNINGS, LOUISIANA

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS - TO THE
STATEMENT OF NET POSITION
For the Year Ended June 30, 2023**

FUND BALANCE OF GOVERNMENTAL FUNDS	\$	550,873
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Amounts reported for governmental activities in the statement of activities are different due to the following:

Government funds do not report changes in long term liabilities as expenditures. However, the following changes in long-term liabilities do appear in the statement of activities since the liabilities are reported on the Statement of Net Position.

Net pension liability	(108,860)
Deferred outflows - pension related	22,381
Deferred inflows - pension related	(30,036)
	<hr/>
	(116,515)

Total net position of governmental activities at June 30, 2023	\$	<u><u>434,358</u></u>
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See accompanying notes and independent auditors' report.

CITY COURT OF JENNINGS, LOUISIANA

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023**

	City Court General Fund	Nonmajor Governmental Fund	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Fees, charges, and commissions for services:			
Court costs, fees and fines	\$ 218,224	\$ 42,444	\$ 260,668
On-behalf payments	<u>213,298</u>	<u>-</u>	<u>213,298</u>
Total Revenue	<u>431,522</u>	<u>42,444</u>	<u>473,966</u>
EXPENDITURES			
Current			
Judicial:			
Personal services and related benefits	54,498	-	54,498
Personnel cost through on-behalf payments	213,298	-	213,298
Operating services	19,651	8,450	28,101
Materials and supplies	17,159	-	17,159
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>304,606</u>	<u>8,450</u>	<u>313,056</u>
EXCESS OF REVENUES OVER EXPENDITURE	126,916	33,994	160,910
FUND BALANCES AT BEGINNING OF YEAR	<u>324,272</u>	<u>65,691</u>	<u>389,963</u>
FUND BALANCES AT END OF YEAR	<u><u>\$ 451,188</u></u>	<u><u>\$ 99,685</u></u>	<u><u>\$ 550,873</u></u>

See accompanying notes and independent auditors' report.

CITY COURT OF JENNINGS, LOUISIANA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023**

Total net change in fund balance - governmental funds \$ 160,910

Amounts reported for governmental activities in the statement of activities are different due to the following:

Government funds do not report changes in long term liabilities as expenditures. However, the following changes in long-term liabilities do appear in the statement of activities since the liabilities are reported on the Statement of Net Position.

Pension expense	(14,018)
Pension contribution subsequent to the measurement date	<u>4,290</u>
	<u>(9,728)</u>

Total changes in net position at June 30, 2023 per Statement of Activities \$ 151,182

See accompanying notes and independent auditors' report.

CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA
STATEMENT OF FIDUCIARY NET POSITION - CUSTODIAL FUNDS
June 30, 2023

	<u>Criminal Fund</u>	<u>Civil Fund</u>	<u>Bond Fund</u>	<u>Total Agency Funds</u>
ASSETS				
Cash and cash equivalents	<u>\$ 154,438</u>	<u>\$ 200,520</u>	<u>\$ 10,629</u>	<u>\$ 365,587</u>
TOTAL ASSETS	<u><u>\$ 154,438</u></u>	<u><u>\$ 200,520</u></u>	<u><u>\$ 10,629</u></u>	<u><u>\$ 365,587</u></u>
NET POSITION				
Restricted for:				
Interfund payable	\$ 26,721	\$ 3,082	\$ -	\$ 29,803
Individuals, organizations, and other governments	<u>127,717</u>	<u>197,438</u>	<u>10,629</u>	<u>335,784</u>
TOTAL NET POSITION	<u><u>\$ 154,438</u></u>	<u><u>\$ 200,520</u></u>	<u><u>\$ 10,629</u></u>	<u><u>\$ 365,587</u></u>

See accompanying notes and independent auditors' report.

CITY COURT OF JENNINGS, LOUISIANA

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CUSTODIAL FUNDS
For the Year Ended June 30, 2023**

	<u>Criminal Fund</u>	<u>Civil Fund</u>	<u>Bond Fund</u>	<u>Total Agency Funds</u>
NET POSITION AT BEGINNING OF YEAR	<u>\$ 80,499</u>	<u>\$ 187,824</u>	<u>\$ 10,629</u>	<u>\$ 278,952</u>
ADDITIONS :				
Civil Suits	-	93,926	-	93,926
Garnishments	-	-	-	-
Fines and court costs	<u>1,041,460</u>	<u>-</u>	<u>-</u>	<u>1,041,460</u>
Total additions	<u>1,041,460</u>	<u>93,926</u>	<u>-</u>	<u>1,135,386</u>
REDUCTIONS :				
Deposits settled to:				
Jennings City Court	115,401	-	-	115,401
City of Jennings	372,934	-	-	372,934
City Marshall	115,440	14,246	-	129,686
District Attorney	37,380	-	-	37,380
Indigent Defender Board	172,650	-	-	172,650
Judicial Building Fund	38,275	4,170	-	42,445
City Judge	-	51,480	-	51,480
Others	<u>115,441</u>	<u>11,334</u>	<u>-</u>	<u>126,775</u>
Total reductions	<u>967,521</u>	<u>81,230</u>	<u>-</u>	<u>1,048,751</u>
Change in fiduciary net position	<u>73,939</u>	<u>12,696</u>	<u>-</u>	<u>86,635</u>
NET POSITION AT END OF YEAR	<u><u>\$ 154,438</u></u>	<u><u>\$ 200,520</u></u>	<u><u>\$ 10,629</u></u>	<u><u>\$ 365,587</u></u>

See accompanying notes and independent auditors' report.

Notes to the Financial Statements

CITY COURT OF JENNINGS, LOUISIANA

Notes to the Financial Statements
For the Year Ended June 30, 2023

INTRODUCTION

The City Court of Jennings, Louisiana (“City Court”) was created under the authority of LSA-RS 13:1871-2512. The City Court has one elected Judge. The City Court has jurisdiction within the City of Jennings and has the authority to decide on certain traffic and criminal matters, as well as civil disputes, up to \$30,000. City Court revenues include court costs on civil and criminal cases, and other revenues.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City Court Judge is an independently elected official. However, the City Court is fiscally dependent on the City of Jennings (the “City”) for office space, courtrooms, and related utility costs, as well as partial funding of salary costs. Because the City Court is fiscally dependent on the City, the City Court was determined to be a component unit of the City of Jennings, the financial reporting entity.

The accompanying financial statements present information only on the funds maintained by the City Court and do not present information on the City of Jennings, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

B. Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (“GASB”). These principles are found in the *Codification of Governmental Accounting and Financial Reporting Standards*, published by the GASB. GASB is the accepted standard-setting body for establishing governmental accounting principles and reporting standards.

The City Court uses fund accounting to maintain its financial records and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain City Court functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Government-Wide Financial Statements (GWFS)

The governmental-wide financial statements include a Statement of Net Position and the Statement of Activities. These statements report information on all of the non-fiduciary activities of the primary government. Fiduciary funds are also excluded from the governmental-wide financial statements.

CITY COURT OF JENNINGS, LOUISIANA

Notes to the Financial Statements
For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

B. Basis of Presentation – (Continued)

The Statement of Net Position and the Statement of Activities report financial information for the City Court as a whole so that individual funds are not displayed. However, the Statement of Activities reports the expense 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 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

Separate fund financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the GWFS. Major individual governmental funds are reported as a separate column in the fund financial statements.

The following fund types are used by the City Court:

Governmental Funds: Governmental funds account for all or most of the City Court's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the City Court.

The following are the City Court's governmental funds:

City Court General Fund – to account for the receipt of court costs derived from city charges and payment of court operating expenses necessary to support activities relevant to conducting criminal and civil court cases.

Judicial Building Fund – to account for the funds received and disbursed for building repair and maintenance.

CITY COURT OF JENNINGS, LOUISIANA

Notes to the Financial Statements
For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

Fiduciary Funds: Fiduciary funds reporting on net position and changes in net position. The only funds accounted for in this category by the court are custodial funds. The custodial funds account for assets held by the court as an agent for litigants pending court action. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City Court maintain four custodial funds as described below:

Criminal Agency Fund – to account for the collection and distribution of fines or fees, from adjudication or other means, originating from criminal court cases, tickets, misdemeanors, etc. These funds are distributed to other agencies, entities, and programs related to the criminal cases involved or as deemed by statute.

Civil Agency Fund – to account for the collection and distribution of fees and costs associated with civil case process. These funds are distributed to plaintiffs, defendants, and other agencies, entities and programs deemed appropriate by adjudication or statute.

Bond Agency Fund – to account for the collection and distribution of bonds, deposited on behalf of defendants. These amounts are refunded upon appearance at court, refunded to pay restitution and other fines/fees, or forfeited to the city marshal.

C. Basis of Accounting and Measurement Focus

Measurement focus refers to what is being measured. Basis of accounting refers to when revenues and expenditures (or expenses) are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless off the measurement focus applied.

The GWFS were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange takes place. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements. Revenues resulting from non-exchange transactions, such as grants, are recognized when all applicable eligibility requirements are met.

All Governmental Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financial sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

CITY COURT OF JENNINGS, LOUISIANA

Notes to the Financial Statements
For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting and Measurement Focus (Continued)

Governmental and custodial funds are accounted for on the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized in the accounting period in which they become susceptible to accrual – that is, when they measurable and available to pay current period liabilities.

D. Cash, Cash Equivalents, and Investments

Cash includes amounts in interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with maturities of 90 days or less. Under state law the City Court may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Investments may include instruments or obligations issued by the United States Government or its agencies, or any other federally-issued investment.

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 since the City Court does not have a formal investment policy. Funds which are available for investment and above immediate cash requirements can be invested in statutorily- sanctioned investments including direct U.S. Treasury obligations, bonds, debentures, notes or certificates issued by or guaranteed by federal agencies, or time certificate of deposit in any bank domiciled or have a branch office in Louisiana or any other federally-insured investment. Statutorily-sanctioned investments also include funds invested with external local government investment pools such as Louisiana Asset Management Pool.

When investments are present in the financial statements, they are reflected at fair value except for the following which are permitted per GASB Statement 31, *Accounting and Financial Reporting/or Certain Investments and for External Investment Pools*:

Investments in nonparticipating interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure. Interest-earning investment contracts include time deposits with financial institutions (such certificates of deposit), repurchase agreements, and guaranteed investment contracts.

Money-market investments and participating interest-earning investment contracts that have remaining maturity at time of purchase of one year or less are reported at amortized cost. Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations.

CITY COURT OF JENNINGS, LOUISIANA

Notes to the Financial Statements
For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Interfund Transactions

During the course of operations, numerous transactions occur between individual funds that may result from goods provided or services rendered in amounts owed between funds. These receivables/ payables are classified as interfund receivables/payables on the Fund Financial Statement balance sheet. Short-term interfund loans are also classified as interfund receivables/payables. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund and are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the recorded fund that reimbursed.

Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

F. Estimates

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

G. Risk Management

The City Court's office 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. These risks are managed by coverage through commercial insurance paid either by the City of Jennings or the City Court. There have been no significant reductions in the insurance coverage during the year.

H. Compensated Absences

The City Court's policy is that sick and vacation leave does not accumulate or vest from year to year. Sick and vacation leave is available during each employee's tenure, annually, and is not payable upon retirement or termination.

I. 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 Louisiana State Employees' Retirement System ("LASERS") and additions to/deductions from LASERS' fiduciary net position have been determined on the same basis as they are reported by LASERS. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

CITY COURT OF JENNINGS, LOUISIANA

Notes to the Financial Statements
For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenue until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively. At June 30, 2023 the City Court's deferred outflows and inflows of resources were attributable to their pension plans.

K. Equity Classification

In the government-wide statements, equity is classified as Net Position and displayed in three components.

- a. *Net investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. *Restricted Net Position* - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted Net Position* - All other Net Position that do not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the City Court's policy to use restricted resources first, then unrestricted resources as needed.

L. Fund Equity

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City Court is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- a. *Nonspendable* – This classification includes amounts that cannot be spent either because they are (a) not in spendable form or (b) are legally or contractually required to be maintained intact.
- b. *Restricted* – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

CITY COURT OF JENNINGS, LOUISIANA

Notes to the Financial Statements
For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Fund Equity – (Continued)

- c. *Committed* – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Judge, which is the highest level of decision-making authority for the City Court. These amounts cannot be used for any other purpose unless the judge removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed.
- d. *Assigned* - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.
- e. *Unassigned* - all other spendable amounts.

When an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available, the City Court considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City Court considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Court has provided otherwise in their commitment or assignment actions.

2. CASH AND CASH EQUIVALENTS

At June 30, 2023, the City Court had cash and cash equivalents (book balances) as follows:

	Government- wide Statement of Net Position	Fiduciary Funds Statement of Net Position
Demand deposits - City Court	\$ 527,144	\$ 365,587
	<u>\$ 527,144</u>	<u>\$ 365,587</u>

Deposits in financial institutions can be exposed to custodial credit risk. Custodial credit risk is the risk that in the event of a financial institution failure, the City Court's deposits may not be returned to them. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution.

CITY COURT OF JENNINGS, LOUISIANA

Notes to the Financial Statements
For the Year Ended June 30, 2023

2. CASH AND CASH EQUIVALENTS – (Continued)

The deposits (bank balances) at June 30, 2023 were secured as follows:

	City Court
Demand deposits	\$ 892,877
Federal deposit insurance	461,149
Pledge securities	431,728
	892,877
(Under) collateralized	\$ -

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledge securities within 10 days of being notified by the City Court that the fiscal agent has failed to pay deposited funds upon demand.

3. INTERFUND RECEIVABLES AND PAYABLES

During the course of operations, transactions occur between individual funds under various circumstances. Unpaid amounts remaining at the date of the financial statements are classified as interfund receivables/payables on the balance sheet and the statement of fiduciary net position. Short-term interfund loans, if applicable, are also classified as interfund receivables/payables.

Interfund receivables/payables at June 30, 2023, are as follows:

	Due from Other Funds	Due to Other Funds
GENERAL FUNDS:		
City Court General Fund	\$ 23,638	\$ -
Judicial Building Fund	6,165	-
FIDUCIARY FUNDS:		
Civil Fund	-	3,082
Criminal Fund	-	26,721
	\$ 29,803	\$ 29,803

CITY COURT OF JENNINGS, LOUISIANA

Notes to the Financial Statements
For the Year Ended June 30, 2023

4. RETIREMENT BENEFITS

Plan Descriptions

The City Court participates in two state-administered cost-sharing multiple-employer retirement systems, which together cover substantially all of the City Court's full-time employees: Municipal Employees' Retirement System ("MERS") and Louisiana State Employees' Retirement System ("LASERS") of the State of Louisiana.

These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Article 10, Section 29 of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislature. The systems issue annual, publicly-available financial reports that include financial statements and require supplementary information for the systems.

Although separately administered by their respective boards of trustees, these systems are established and regulated by acts of the Louisiana Legislature with respect to membership and contribution requirements, plan benefits, and actuarial determination of funding requirements as provided by the state constitution. The City Court implemented Government Accounting Standards Board (GASB) Statement 68 on Accounting and Financial Reporting for Pensions and Statement 71 on Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB 68. Additional disclosures with respect to GASB 68 to the City Court's participation in these systems are provided below.

Generally accepted accounting principles require the City Court to recognize the difference between the actuarial total pension liability and the fair value of the legally restricted plan assets related to its participation in LASER and MERS, all cost-sharing, multiple employer defined benefit pension plans, as a net pension liability on the statement of net position.

In addition, the City Court is required to recognize its share of the deferred outflows and deferred inflows associated with its participation in the plan. However, because the City Court employees participate under the umbrella of the City (of which they are a component unit), their share of the net pension liability, deferred inflows and outflows are included in the City amounts. Information specific to the City Court needed to implement these accounting requirements is not readily available. As such, the City Court did not apply the provisions as required by generally accepted accounting principles for MERS. Information related to participation in these retirement plans can be found in the financial statements of the City as of June 30, 2023, which includes the City Court.

Plan description – LASERS

The City Judge is a member of LASERS. The System was established for the purpose of providing retirement allowances and other benefits as stated under the provisions of LRS 11:401, as amended, for eligible state officers, employees and their beneficiaries. The projection of benefit payments in the calculation of total pension liability includes all benefits to be provided to current active and inactive employees through LASERS in accordance with benefit terms and any legal agreements in force at the measurement date.

Benefits Provided

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

CITY COURT OF JENNINGS, LOUISIANA

Notes to the Financial Statements
For the Year Ended June 30, 2023

4. RETIREMENT BENEFITS – (Continued)

Retirement Benefits

The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. The rank and file members hired prior to July 1, 2006, may either retire with full benefits at any age upon completing 30 years of

creditable service, or at age 60 upon completing ten years of creditable service depending on their plan. Those members hired between July 1, 2006 and June 30, 2015, may retire at age 60 upon completing five years of creditable service and those hired on or after July 1, 2015 may retire at age 62 upon completing five years of creditable service. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service depending on the applicable plan. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit.

Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment.

The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1.0% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the basic retirement benefits, a member may elect to receive their retirement throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Act 992 of the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to retire with twelve years of creditable service at age 55, after 25 years of creditable service at any age or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate. The extra 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members, hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

Act 226 of the 2014 Louisiana Regular Legislative Session established new retirement eligibility for members of LASERS hired on or after July 1, 2015, excluding hazardous duty plan members. Regular members and judges under the new plan are eligible to retire at age 62 after five years of creditable service and, may also

CITY COURT OF JENNINGS, LOUISIANA

Notes to the Financial Statements
For the Year Ended June 30, 2023

4. RETIREMENT BENEFITS – (Continued)

retire at any age, with a reduced benefit, after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment. Members in the regular plan will receive a 2.5% accrual rate, and judges a 3.5% accrual rate, with the extra 1.0% accrual rate based on all years of service as a judge.

A member leaving employment before attaining minimum retirement age, but after completing certain minimum service requirements, becomes eligible for a benefit provided the member lives to the minimum service retirement age, and does not withdraw their accumulated contributions. The minimum service requirement for benefits varies depending upon the member's employer and service classification.

Deferred Retirement Options

The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan ("DROP"). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During

DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account. Members who enter DROP on or after January 1, 2004, are required to participate in LASERS Self-Directed Plan ("SDP") which is administered by a third-party provider. The SDP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option ("IBO") in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. For members who selected the IBO option prior to January 1, 2004, such amount may be withdrawn or remain in the IBO account earning interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero). Those members who select the IBO on or after January 1, 2004, are required to enter the SDP as described above.

Disability Benefits

Generally, active members with ten or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age.

Upon reaching retirement age, the disability retiree may receive a regular retirement benefit by making application to the Board of Trustees.

For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation or 100% of final average compensation

CITY COURT OF JENNINGS, LOUISIANA

Notes to the Financial Statements
For the Year Ended June 30, 2023

4. RETIREMENT BENEFITS – (Continued)

if the injury was the result of an intentional act of violence.

Survivor's Benefit

Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased regular member hired before January 1, 2011 who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of twenty years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The aforementioned minimum service credit requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

The deceased regular member hired on or after January 1, 2011, must have a minimum of five years of service credit regardless of when earned in order for a benefit to be paid to a minor child. The aforementioned minimum service credit requirements for a surviving spouse are 10 years, 2 years being earned immediately prior to death, and active state service at the time of death, or a minimum of 20 years of service credit regardless of when earned. A deceased member's spouse must have been married for at least one year before death.

Permanent Benefit Increases/Cost of Living Adjustments

As fully described in Title 11 of the Louisiana Revised Statutes, the System allows for the payment of permanent benefit increases, also known as cost-of-living adjustments ("COLAs"), that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature.

Contributions

Contribution requirements of active employees are governed by Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) and may be amended by the Louisiana Legislature. Employee and employer contributions are deducted from a member's salary, and along with employer contributions are remitted to LASERS by participating employers. The rates in effect during the year ended June 30, 2023 for the Judges hired after 1/01/2011 was 43.7% from January 1, 2022 – June 30, 2023 and 43.8% from July 1, 2022 – December 31, 2022 for the employer rate. Contributions to the pension plan from the City Court were \$7,467 for the year ended June 30, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the Employer reported a liability of \$108,860 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City Court's proportion of the net pension liability was based on a projection of the City Court's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022 the City Court's proportion was 0.001440%, which was a decrease of

CITY COURT OF JENNINGS, LOUISIANA

Notes to the Financial Statements
For the Year Ended June 30, 2023

4. RETIREMENT BENEFITS – (Continued)

0.00070% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the City Court recognized pension expense of \$14,018.

At June 30, 2023, the City Court reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Change in assumptions	297	-
Net difference between projected and actual earnings on pension plan investments	8,786	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,711	(30,036)
Employer contributions subsequent to the measurement date	4,587	-
Total	<u>\$ 22,381</u>	<u>\$ (30,036)</u>

The \$7,467 reported as deferred outflows of resources related to pensions resulting from City Court contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	<u>LASERS</u>
2023	\$ 6,339
2024	1,812
2025	(2,217)
2026	6,011
Total	<u>\$ 11,945</u>

CITY COURT OF JENNINGS, LOUISIANA

Notes to the Financial Statements
For the Year Ended June 30, 2023

4. RETIREMENT BENEFITS – (Continued)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2023 are as follows:

Valuation Date	June 30, 2022												
Actuarial cost method	Entry Age Normal Cost												
Actuarial Assumptions:													
Expected remaining service lives	2 years												
Investment rate of return	7.25% per annum net of investment expenses*												
Inflation rate	2.3% per annum												
Mortality	<p>Non-disabled members - The RP-2014 Blue Collar (males/females) and White Collar (females) Healthy Annuitant Tables projected on a fully generational basis by Mortality Improvement Scale MP-2018.</p> <p>Disabled members – Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.</p>												
Termination, Disability, and Retirement	Termination, disability and retirement assumptions were projected based on a five-year (2014-2018) experience study of the System's members for 2019.												
Salary increases	<p>Salary increases were projected based on a 2014-2018 experience study of the System's members. The salary increase ranges for specific types of members are:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Type</th> <th style="text-align: center;">Lower to Upper Range</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Regular</td> <td style="text-align: center;">3.0%-12.8%</td> </tr> <tr> <td style="text-align: center;">Judges</td> <td style="text-align: center;">2.6% - 5.1%</td> </tr> <tr> <td style="text-align: center;">Corrections</td> <td style="text-align: center;">3.6% - 13.8%</td> </tr> <tr> <td style="text-align: center;">Hazardous Duty</td> <td style="text-align: center;">3.6% - 13.8%</td> </tr> <tr> <td style="text-align: center;">Wildlife</td> <td style="text-align: center;">3.6% - 13.8%</td> </tr> </tbody> </table>	Type	Lower to Upper Range	Regular	3.0%-12.8%	Judges	2.6% - 5.1%	Corrections	3.6% - 13.8%	Hazardous Duty	3.6% - 13.8%	Wildlife	3.6% - 13.8%
Type	Lower to Upper Range												
Regular	3.0%-12.8%												
Judges	2.6% - 5.1%												
Corrections	3.6% - 13.8%												
Hazardous Duty	3.6% - 13.8%												
Wildlife	3.6% - 13.8%												
Cost of living adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.												

*The investment rate of return used in the actuarial valuation for funding purposes was 7.60%, recognizing an additional 35 basis points for gain-sharing. The net return available to fund regular plan benefits is 7.25%, which is the same as the discount rate. Therefore, we conclude that 7.25% discount is reasonable.

CITY COURT OF JENNINGS, LOUISIANA

Notes to the Financial Statements
For the Year Ended June 30, 2023

4. RETIREMENT BENEFITS – (Continued)

Actuarial Assumptions – (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges 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 ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.3% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 8.34% for 2022.

Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return
Cash	0.39%
Domestic Equity	4.57%
International Equity	5.76%
Domestic Fixed Income	1.48%
International Fixed Income	5.04%
Alternative Investments	8.30%
Total Fund	5.91%

Discount Rates

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the pension plan's actuary. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY COURT OF JENNINGS, LOUISIANA

Notes to the Financial Statements
For the Year Ended June 30, 2023

4. RETIREMENT BENEFITS – (Continued)

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

The following presents the Employer's proportionate share of the Net Pension Liability using the discount rate of 7.25%, as well as what the Employer's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Change in Discount Rate:		
	June 30, 2022		
	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Employer's proportionate share of the net pension liability	136,978	108,860	83,221

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued current LASERS Comprehensive Annual Financial Report at www.lasersonline.org.

5. ON-BEHALF PAYMENTS

The accompanying financials do not include certain portions of the City Court's expenses paid directly by other governmental entities. In compliance with Louisiana Revised Statute 13:2487.16, the City of Jennings provides for a suitable court room, offices, and expenses of operation and maintenance.

Compensation and benefits paid by the City of Jennings and Jefferson Davis Parish Police Jury to the Judge and City Court clerks were as follows:

	City of Jennings	Jefferson Davis Police Jury
City Judge	\$ 21,840	\$ 6,095
City Court Clerks	143,688	-
	<u>\$ 165,528</u>	<u>\$ 6,095</u>

These on-behalf payments totaling \$171,623 are included in the general funds as revenue and related expenditures.

REQUIRED SUPPLEMENTARY INFORMATION

CITY COURT OF JENNINGS, LOUISIANA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL**

GOVERNMENTAL FUND-CITY COURT GENERAL FUND

For the Year Ended June 30, 2023

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance Final Budget Positive (Negative)</u>
REVENUES				
Fees, charges, and commissions for services:				
Court costs, fees and fines	\$ 168,220	\$ 205,228	\$ 218,224	\$ 12,996
On-behalf payments	-	207,203	213,298	6,095
Total Revenues	<u>168,220</u>	<u>412,431</u>	<u>431,522</u>	<u>19,091</u>
EXPENDITURES				
Current:				
Personal services and related benefits	39,317	54,437	54,498	(61)
Personnel cost through on-behalf payments	-	207,203	213,298	(6,095)
Operating services	25,636	30,089	19,651	10,438
Materials and supplies	7,296	6,838	17,159	(10,321)
Capital Outlay	-	-	-	-
Total Expenditures	<u>72,249</u>	<u>298,567</u>	<u>304,606</u>	<u>(6,039)</u>
EXCESS OF REVENUES OVER EXPENDITURES	95,971	113,864	126,916	13,052
FUND BALANCE AT BEGINNING OF YEAR	<u>324,272</u>	<u>324,272</u>	<u>324,272</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 420,243</u>	<u>\$ 438,136</u>	<u>\$ 451,188</u>	<u>\$ 13,052</u>

CITY COURT OF JENNINGS, LOUISIANA

**Schedule of Employer's Share of Net Pension Liability
Louisiana State Employee Retirement System
For the Year Ended June 30, 2023**

<u>Year Ended June 30, *</u>	<u>Employer Proportion of the Net Pension Liability</u>	<u>Employer Proportionate Share of the Net Pension Liability</u>	<u>Employer's Covered Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2023	0.001440%	\$ 108,860	\$ 35,371	307.8%	63.70%
2022	0.001370%	\$ 75,404	\$ 29,200	258.2%	72.80%
2021	0.002100%	\$ 176,910	\$ 34,848	507.7%	58.00%
2020	0.002100%	\$ 152,361	\$ 44,114	345.4%	62.90%
2019	0.002190%	\$ 149,697	\$ 53,203	281.4%	64.30%
2018	0.002280%	\$ 160,415	\$ 45,851	349.9%	62.50%
2017	0.002270%	\$ 178,017	\$ 50,165	354.8%	57.70%
2016	0.002167%	\$ 147,389	\$ 48,049	306.7%	62.70%
2015	0.002375%	\$ 148,506	\$ 45,440	326.8%	65.00%

* The amounts presented were determined as of the measurement date (previous fiscal year end).

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

CITY COURT OF JENNINGS, LOUISIANA

**Schedule of Employer Contributions
Louisiana State Employee Retirement System
For the Year Ended June 30, 2023**

<u>Year Ended June 30, *</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractual Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions as a % of Year Covered Employee Payroll</u>
2023	\$ 7,467	\$ 7,467	\$ -	\$ 35,371	21.1%
2022	\$ 12,071	\$ 12,071	\$ -	\$ 29,200	41.3%
2021	\$ 14,810	\$ 14,810	\$ -	\$ 34,848	40.5%
2020	\$ 17,946	\$ 17,946	\$ -	\$ 44,114	40.1%
2019	\$ 21,334	\$ 21,334	\$ -	\$ 53,203	40.1%
2018	\$ 18,386	\$ 18,386	\$ -	\$ 45,851	40.1%
2017	\$ 19,064	\$ 19,064	\$ -	\$ 50,165	38.0%
2016	\$ 19,807	\$ 19,807	\$ -	\$ 51,986	38.1%
2015	\$ 18,858	\$ 18,858	\$ -	\$ 48,049	39.2%
2014	\$ 18,685	\$ 18,685	\$ -	\$ 45,440	41.1%

* The amounts presented were determined as of the measurement date (previous fiscal year end).

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

CITY COURT OF JENNINGS, LOUISIANA

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended June 30, 2023

A. BUDGETARY PRACTICES

General Budget Practices: The City Court follow the following procedures in establishing budgetary data reported in the accompanying budgetary comparison schedules:

Pursuant to the Louisiana Government Budget Act (LSA-RS 36:1301-1314), the City Court is required to adopt an annual budget no later than fifteen days prior to the beginning of each fiscal year.

Each year prior to June 15th, the City Court develops a proposed annual budget for each fund. The operating budget includes proposed expenditures and the means of financing them. The proposed budget is advertised as available for public inspection at least 10 days prior to final adoption simultaneously with a notice of the date of public hearing. At the conclusion of the public hearing the budget is adopted by the City Court through a formal budget resolution.

Appropriations (unexpended budget balances) lapse at the end of fiscal year.

Formal budget integration (within the accounting records) is not employed as a management control device. All budgets are controlled at the object level. Budget amounts included in the accompanying financial statements include the original budget and all subsequent amendments. All budget revisions are approved by the City Court.

Budget Basis of Accounting: All governmental fund budgets are prepared on the modified accrual basis of accounting, a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Legally, the City Court cannot budget total expenditures and other financing uses which would exceed total budgeted revenues and other financing sources including beginning fund balance. State statutes require the City Court to amend the budgets to prevent overall projected revenues, expenditures, or beginning fund balance from causing an adverse budget variance of five percent or more in an individual fund. The City Court approves budgets at the object level and management is allowed to transfer amounts between line items within an object. The City Court's office amends its budget during the year to account for unanticipated changes in the original budget.

B. PENSIONS

Changes of Assumptions - Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

Amounts reported in the year ended June 30, 2022 for the Louisiana State Employees' Retirement System reflect an adjustment in the discount rate used to measure the total pension liability. The discount rate for the System was reduced by 0.15 % to 7.25% as of the valuation date June 30, 2022.

SUPPLEMENTARY INFORMATION

CITY COURT OF JENNINGS, LOUISIANA

**Schedule of Compensation, Benefits and Other Payments to the
City Judge
For the Year Ended June 30, 2023**

Honorable Judge Daniel Stretcher
City Court of Jennings, Louisiana

<u>Purpose</u>	<u>Amount</u>
	<u>Judge Daniel Stretcher</u>
Salary	\$ 35,371
Benefits-insurance	8,982
Benefits-retirement	5,906
Per diem	2,090
Reimbursements	-
Travel	1,554
Conference travel	-
	<u>\$ 53,903</u>

Justice System Funding Schedule - Collecting/Disbursing Entity
As Required by Act 87 of the 2020 Regular Legislative Session

Identifying Information		
Entity Name	City Court of Jennings, Louisiana	
LLA Entity ID # (This is the ID number assigned to the entity by the Legislative Auditor for identification purposes.)	2115	
Date that reporting period ended (mm/dd/yyyy)	6/30/2023	
	First Six Month Period Ended 12/31/2022	Second Six Month Period Ended 6/30/2023
Cash Basis Presentation		
1. Beginning Balance of Amounts Collected (i.e. cash on hand)	268,319	254,409
2. Add: Collections		
a Civil Fees (including refundable amounts such as garnishments or advance deposits)	45,786	48,140
e Criminal Court Costs/Fees	422,833	617,272
m Subtotal Collections	468,620	665,412
3. Less: Disbursements To Governments & Nonprofits: (Must include one agency name and one collection type on each line and may require multiple lines for the same agency if more than one collection type is applicable. Additional rows may be added as necessary.)		
Acadia Parish Sheriff - Civil Fees	344	1,356
Allen Parish Sheriff - Civil Fees	210	99
Avoyelles Parish Sheriff - Civil Fees	-	53
Baton Rouge City Constable - Civil Fees	30	-
Calcasieu Parish Sheriff - Civil Fees	34	287
City of Jennings - Criminal Court Costs/Fees	165,875	188,352
Desoto Parish Sheriff - Civil Fees	-	23
Division of Administration - Civil Fees	15	15
Evangeline Parish Sheriff - Civil Fees	-	39
Indigent Defender Board - Criminal Court Costs/Fees	72,370	87,030
Jefferson Davis Parish Clerk of Court - Civil Fees	525	1,260
Jefferson Davis Parish District Attorney - Criminal Court Costs/Fees	15,670	18,750
Jefferson Davis Parish Sheriff - Civil Fees	-	147
Lafayette City Marshal - Civil Fees	150	-
Lafayette Parish Sheriff - Civil Fees	33	144
Louisiana Secretary of State - Civil Fees	50	-
Louisiana State Treasurer - Civil Fees	6,594	4,813
Louisiana State Treasurer - Criminal Court Costs/Fees	5,027	5,799
Louisiana Supreme Court - Civil Fees	121	88
Louisiana Supreme Court - Criminal Court Costs/Fees	805	962
Opelousas City Marshal - Civil Fees	-	30
Orleans Parish Sheriff - Civil Fees	30	-
Southwest LA Crime Lab - Criminal Court Costs/Fees	48,838	58,278
St. Landry Parish Sheriff - Civil Fees	161	214
St. Martin Parish Sheriff - Civil Fees	63	-
St. Mary Parish Sheriff - Civil Fees	122	-
Tangipahoa Parish Sheriff - Civil Fees	-	31
Vermillion Parish Sheriff - Civil Fees	14	321
Vernon Parish Sheriff - Civil Fees	70	72
Ward 3 City Marshal - Civil Fees	30	60
4. Less: Amounts Retained by Collecting Agency		
c Self-Disbursed: City Court General Fund	79,549	96,581
c Self-Disbursed: City Court Judicial Building Fund	18,490	21,010
c Self-Disbursed: City Marshal General Fund	53,336	62,635
c Self-Disbursed: City Marshal Equipment and Maintenance Fund	2,845	2,759
5. Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies		
d Other Disbursements to Individuals (additional detail is not required)	11,128	13,661
6. Subtotal Disbursements/Retainage	482,528	564,868
7. Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	254,409	354,953
Ending Balance of "Partial Payments" Collected but not Disbursed (only applies if collecting agency does not disburse partial payments until fully collected) - This balance is included in the		
8. Ending Balance of Amounts Collected but not Disbursed/Retained above.	-	-
9. Other Information:		
a Ending Balance of Total Amounts Assessed but not yet Collected (i.e. receivable balance)	-	-
Total Waivers During the Fiscal Period (i.e. non-cash reduction of receivable balances, such as time served or community service)	-	-

COMPLIANCE AND INTERNAL CONTROL



Langley, Williams
& Company, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

LESTER LANGLEY, JR.
DANNY L. WILLIAMS
PHILLIP D. ABSHIRE, JR.
DAPHNE BORDELON BERKEN

NICHOLAS J. LANGLEY
PHILLIP D. ABSHIRE, III
SARAH CLARK WERNER
ALEXIS H. O'NEAL
JESSICA LOTT-HANSEN

**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**

Honorable Judge Daniel Stretcher
City Court of Jennings, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities the major fund, and the aggregate remaining fund information of the City Court of Jennings, Louisiana, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City Court of Jennings, Louisiana's basic financial statements and have issued our report thereon dated March 28, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City Court of Jennings, Louisiana's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City Court of Jennings, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the City Court of Jennings, Louisiana's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-IC1 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City Court of Jennings, Louisiana'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2023-C1.

Management's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City Court of Jennings, Louisiana's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. the City Court of Jennings, Louisiana's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



Lake Charles, Louisiana
March 28, 2024

CITY COURT OF JENNINGS, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023

Section I – Summary of Auditor's Results

Financial Statements

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	Yes
Significant deficiency identified not considered to be a material weakness?	No
Noncompliance material to financial statements noted?	Yes

Section II – Current Year Findings and Management's Corrective Action Plan

Internal Control Over Financial Reporting

2023-IC1

Condition and Criteria: The City Court did not have adequate segregation of duties within the accounting system

Recommendation: We recommend that the City Court properly segregate accounting processes.

Management's Response: The City Court have determined that it is not cost effective to achieve complete segregation of duties. They will, however, segregate as many duties as possible.

Compliance

2023-C1 - Late filing of audit with Louisiana Legislative Auditor:

Condition: The City Court did not submit the audited financial statements to the Louisiana Legislative Auditor by the due date.

Criteria: L.R.S. 24:513 provide that the financial statements are to be filed with the Legislative Auditor within six months of the close of the fiscal year.

Cause: The City Court did not have their books closed timely to allow for timely filing.

Effect: According to the Legislative Auditor of the State of Louisiana, failure to comply with the six-month statutory submission of the financial reports is a reportable instance of noncompliance with state law.

Recommendation: We recommend the City Court establish appropriate controls for ensuring the required reports will be submitted timely in the future.

CITY COURT OF JENNINGS, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023

Views of Responsible Officials and Planned Corrective Actions: The City Court will ensure their bookkeeper will close their books timely to ensure the required reports are submitted timely in the future.

Section II – Prior Year Findings and Management’s Corrective Action Plan

Internal Control Over Financial Reporting

2022-IC1

Condition and Criteria: The City Court did not have adequate segregation of duties within the accounting system

Recommendation: We recommend that the City Court properly segregate accounting processes.

Management’s Response: The City Court have determined that it is not cost effective to achieve complete segregation of duties. They will, however, segregate as many duties as possible.

Compliance

2022-C1 – Amended Budget

Condition: Certain fund budgets were not amended to account for more than budgeted revenues and expenditures due to on-behalf payments.

Criteria: State law requires that if actual revenue and expenditures are either over or under budgeted revenue and expenditures by five percent or more, the budgets should be amended.

Cause: Responsible personnel did not monitor actual revenues and expenditures and compare to budget.

Effect: The City Court and Marshal’s annual budget will not be in compliance with state law.

Recommendation: Responsible personnel should monitor the budget with actual revenue and expenditures during the year and amend the budget as necessary.

Management’s Response: Management will monitor the budget, include on-behalf payments, and amend as deemed appropriate.

2022-C2 – Inadequate collateralization of deposits

Condition: The City Court and Marshal did not maintain adequate collateral on deposits at a local bank.

Criteria: State law requires that all deposits of public funds be either insured by FDIC or collateralized by a pledge of investment securities owned by the depository financial institution.

Effect: \$75,922 in deposits were not collateralized in accordance with state law.

Cause: Banks typically monitor deposits and ensure that adequate collateral is maintained. However, responsibility ultimately lies with the City Court.

CITY COURT OF JENNINGS, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023

Recommendation: The City Court and Marshal should assign someone to monitor pledge securities. In addition, the City Court and City Marshal should work with the bank to ensure compliance.



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

City Court
Jennings, Louisiana

To the Governing Board of the City Court of Jennings, Louisiana's Office and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2022 through June 30, 2023. The City Court of Jennings, Louisiana's Office's ("City Court") management is responsible for those C/C areas identified in the SAUPs.

The City Court has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2022 through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving.
 - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties,

reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/Electronic Municipal Market Access ("EMMA") reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Because the City Court is a component unit of the City of Jennings ("City"), the City Court adopts the policies and procedures of the City where their own policies and procedures are lacking sufficient detail.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
The entity does not have a board or finance committee. The City Court judge is an elected official responsible for all oversight of the entity; therefore, this procedure is not applicable.
 - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly
-

budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue fund. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

The entity does not have a board or finance committee. The City Court judge is an elected official responsible for all oversight of the entity; therefore, this procedure is not applicable.

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Per the prior year audit report the unrestricted fund balance in the general fund did not have a negative balance.

- d) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

The entity does not have a board or finance committee. The City Court judge is an elected official responsible for all oversight of the entity; therefore, this procedure is not applicable.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

We obtained a list of bank accounts from management and management's representation that the list was complete.

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

There were no exceptions noted as a result of applying this procedure.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

There were no exceptions noted as a result of applying this procedure.

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

Exception: There is no documentation that reconciling items that were outstanding for more than twelve months were researched.

Management's Response: Management will update policies and procedures to address this procedure.

Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Obtained a listing of all deposit sites for the fiscal period and management's representation that the listing is complete.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees responsible for cash collections do not share cash drawers/registers.

There were no exceptions noted as a result of applying this procedure.

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

Exception: Employees responsible for collecting cash are also responsible for preparing/making bank deposits.

Management's response: Management has determined that it is not cost effective to achieve complete segregation of duties in the accounting department. They have, however, segregated as many duties as possible.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

Exception: Employees responsible for collecting cash can also post collection entries to the general ledger or subsidiary ledger.

Management's response: Management has determined that it is not cost effective to achieve complete segregation of duties in the accounting department. They have, however, segregated as many duties as possible.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

Exception: Employees responsible for reconciling cash collections to the general ledger or subsidiary ledgers, by revenue source or agency fund additions are also responsible for collecting cash.

Management's Response: Management has determined that it is not cost effective to achieve complete segregation of duties in the accounting department. They have, however, segregated as many duties as possible.

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

There were no exceptions noted as a result of applying this procedure.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

There were no exceptions noted as a result of applying this procedure.

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

Exception: Two out of ten collections' documentation were not present in the file.

Management's response: The collections without documentation totaled \$9,260.00. The City Court has a third-party accountant reconcile bank accounts as a compensating control.

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

There were no exceptions noted as a result of applying this procedure.

- d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

There were no exceptions noted as a result of applying this procedure.

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

There were no exceptions noted as a result of applying this procedure.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Per discussion with management, we noted only one location process payments for the fiscal period.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

There were no exceptions noted as a result of applying this procedure.

- b) At least two employees are involved in processing and approving payments to vendors.

There were no exceptions noted as a result of applying this procedure.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Exception: The employee responsible for processing payments is not prohibited from adding/modifying vendor files.

Management's response: Management has determined that it is not cost effective to achieve complete segregation of duties in the accounting departments. They have, however, segregated as many duties as possible.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

There were no exceptions noted as a result of applying this procedure.

- e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

There were no electronic disbursements making this procedure not applicable.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

There were no exceptions noted as a result of applying this procedure.

- b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Exception: There was no evidence of segregation of duties for the items listed in procedure #9.

Management's response: Management will update their review and approval documentation procedures going forward.

11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy.

There were no exceptions noted as a result of applying this procedure.

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

12. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

There are no cards; therefore, this procedure is not applicable.

13. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

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

There are no cards; therefore, this procedure is not applicable.

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

There are no cards; therefore, this procedure is not applicable.

14. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

There are no cards; therefore, this procedure is not applicable.

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

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

Obtained a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing is complete.

- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

There were no exceptions noted as a result of applying this procedure.

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

There were no exceptions noted as a result of applying this procedure.

- c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

There were no exceptions noted as a result of applying this procedure.

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

Exception: Two out of five reimbursements were not reviewed or approved in writing.

Management's response: Management will implement procedures to ensure proper written approval is obtained in the future.

Contracts

16. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

Per inquiry, there are no professional agreements/contracts under the Jennings City Court. Professional agreements/contracts would be through the City of Jennings.

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

There are no professional agreements/contracts under the Jennings City Court; therefore, this procedure is not applicable.

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

There are no professional agreements/contracts under the Jennings City Court; therefore, this procedure is not applicable.

- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

There are no professional agreements/contracts under the Jennings City Court; therefore, this procedure is not applicable.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

There are no professional agreements/contracts under the Jennings City Court; therefore, this procedure is not applicable.

Payroll and Personnel

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

These procedures are not applicable as the City Court employees are paid by the City.

18. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
- c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

These procedures are not applicable as the City Court employees are paid by the City.

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

These procedures are not applicable as the City Court employees are paid by the City.

20. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

These procedures are not applicable as the City Court employees are paid by the City.

Ethics

21. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

- a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

There were no exceptions noted as a result of applying this procedure.

- b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

This procedure is not applicable as there were no changes to the ethics policy during the fiscal period.

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

The agency has appointed Susan Courville as the agency's ethics designee.

Debt Service

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

No debt was issued during the fiscal period. Therefore, this procedure is not applicable.

24. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

No debt was issued during the fiscal period. Therefore, this procedure is not applicable.

Fraud Notice

25. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management has asserted that the entity did not have any misappropriations of public funds or assets.

26. Observe the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

There were no exceptions noted as a result of applying this procedure.

Information Technology Disaster Recovery/Business Continuity

27. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

This procedure is not applicable as the equipment and IT are managed through the City of Jennings which is included in their Statewide Agreed Upon Procedure.

28. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

There were no terminated employees during the year.

Sexual Harassment

29. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

There were no exceptions noted as a result of applying this procedure.

30. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).

There were no exceptions noted as a result of applying this procedure.

31. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

1. Number and percentage of public servants in the agency who have completed the training requirements;

There were no exceptions noted as a result of applying this procedure.

2. Number of sexual harassment complaints received by the agency;

There were no exceptions noted as a result of applying this procedure.

3. Number of complaints which resulted in a finding that sexual harassment occurred;

There were no exceptions noted as a result of applying this procedure.

4. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

There were no exceptions noted as a result of applying this procedure.

5. Amount of time it took to resolve each complaint.

There were no exceptions noted as a result of applying this procedure.

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

We are required to be independent of the City Court of Jennings, Louisiana's Office and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Langley, Williams & Co., LLC



Lake Charles, LA
March 27, 2024
