

RUSTON CITY JUDGE'S OFFICE

**FINANCIAL REPORT
SEPTEMBER 30, 2021**

RUSTON CITY JUDGE'S OFFICE

FINANCIAL REPORT SEPTEMBER 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Honorable Danny Tatum
Ruston City Judge's Office
P.O. Box 1821
Ruston, LA 71273-1821

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ruston City Judge's Office, a component unit of the City of Ruston, Louisiana, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Ruston City Judge's Office's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Ruston City Judge's Office as of September 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7, budgetary comparison

information on page 28, and the required schedules related to pension plans on pages 29 through 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Ruston City Judge's Office's basic financial statements. The supplemental schedule of compensation, benefits and other payments to the Ruston City Court Judge, schedule of justice system funding - receiving and schedule of justice system funding - collecting/disbursing are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental schedule of compensation, benefits and other payments to the Ruston City Court Judge, schedule of justice system funding - receiving and schedule of justice system funding - collecting/disbursing are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplemental schedule of compensation, benefits and other payments to the Ruston City Judge, schedule of justice system funding - receiving and schedule of justice system funding - collecting/disbursing are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated March 28, 2022, on my consideration of the Ruston City Judge's Office's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Ruston City Judge's Office's internal control over financial reporting and compliance.


Don M. McGehee
Certified Public Accountant
March 28, 2022

REQUIRED SUPPLEMENTAL INFORMATION
Management's Discussion and Analysis



RUSTON CITY COURT

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MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2021

The discussion and analysis of the performance of the Ruston City Judge's Office provides an overview of the financial activities for the year ended September 30, 2021. It is based upon currently known facts, decisions, and conditions. Please read it in conjunction with the financial statements which begin on page 7.

Basic Financial Statements

The basic financial statements include government-wide and fund financial statements. The government-wide statements consist of a Statement of Net Position and a Statement of Activities and provide information about the financial activities of the Office as a whole. The government-wide statements present a long-term view of the finances. Fund financial statements consist of the respective fund's balance sheet and the fund's statement of revenues, expenditures and changes in fund balance, if applicable. The fund statements tell how services were financed in the short-term and what remains for future spending. The primary difference between the fund and government-wide statement presentation methods is that expenditures for capital assets are expensed in the fund financial statements but capitalized and depreciated in the government-wide statements.

The Judge's Office reports all of its financial operating activity as a single governmental activity (i.e., general fund), and uses a combined approach in presenting the fund financial statements and the government-wide statements by reconciling, through an adjustment column, the fund statement amounts to the government-wide statement amounts. The Judge's Office also reports information about monies being held by them as an agent for others in the fiduciary fund. The Judge's Office is responsible for ensuring that all assets held for others are distributed as ordered by the court and cannot use the assets held for others to finance its operations.

Statement of Net Position and Statement of Activities

The Statement of Net Position and the Statement of Activities report information about the funds maintained by the Judge's Office as a whole and about its activities in a way that helps answer one of the most important questions asked, "Is the Judge's Office, as a whole, better off or worse off as a result of the year's activities?" These statements report information about the Judge's Office as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is a method similar to accounting used by most private-sector companies. All revenues and expenses of the current year are reported under this method regardless of when cash is received or disbursed.

These two statements report the Judge's Office net position and changes in the net position. You can think of net position - the difference between assets and liabilities - as one way to measure the financial health, or financial position, of the Judge's Office. Increases or decreases in net position can be an indicator of whether financial health is improving or deteriorating. The financial activity of all services provided by Judge's Office are reported in the Statement of Net Position and Statement of Activities. Expenses primarily include salaries and related benefits, and office expenses. Court costs and fees received from defendants and plaintiffs involved in cases before the court plus the on-behalf payments received from the City of Ruston and the State of Louisiana finance most of these activities.

Government-Wide Financial Analysis

As noted above, net position may serve as a useful indicator of an entity's financial position. The net position of the Judge's Office increased \$49,002 in the current year. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the governmental activities of the Judge's Office to help explain this increase.

	2021	2020	Increase (Decrease)	
			Amount	Percent
Current Assets	\$ 1,883,870	\$ 1,809,702	\$ 74,168	4 %
Capital Assets	373,982	416,985	(43,003)	(10)%
Total Assets	<u>2,257,852</u>	<u>2,226,687</u>	<u>31,165</u>	1 %
Total Deferred Outflows	<u>44,146</u>	<u>54,787</u>	<u>(10,641)</u>	(19)%
Long-Term Liabilities	231,607	309,902	(78,295)	(25)%
Other Liabilities	6,044	5,574	470	8 %
Total Liabilities	<u>237,651</u>	<u>315,476</u>	<u>(77,825)</u>	(25)%
Total Deferred Inflows	<u>61,736</u>	<u>12,389</u>	<u>49,347</u>	398 %
Net Position:				
Investment in Capital Assets	373,982	416,985	(43,003)	(10)%
Unrestricted	<u>1,628,629</u>	<u>1,536,624</u>	<u>92,005</u>	6 %
Total Net Position	<u>\$ 2,002,611</u>	<u>\$ 1,953,609</u>	<u>\$ 49,002</u>	3 %

About 81% (\$1,628,629 of \$2,002,611) of total net position is unrestricted in 2021 compared to 79% (\$1,536,624 of \$1,953,609) in 2020. Unrestricted net position can be used to finance the day-to-day operations of the Judge's Office without constraints.

Table 2
Change in Net Position

	2021	2020	Increase (Decrease)	
			Amount	Percent
Program Revenues:				
Court Costs and Fees	\$ 264,323	\$ 246,574	\$ 17,749	7 %
On-Behalf Revenue	524,484	541,702	(17,218)	(3)%
Other Program Revenues	4,875	4,884	(9)	0 %
General Revenues:				
Interest Income	<u>1,776</u>	<u>2,997</u>	<u>(1,221)</u>	(41)%
Total Revenues	<u>795,458</u>	<u>796,157</u>	<u>(699)</u>	0 %
Program Expenses				
General Government-Judiciary	221,972	220,242	1,730	1 %
On-Behalf Expenses	<u>524,484</u>	<u>541,702</u>	<u>(17,218)</u>	(3)%
Total Expenses	<u>746,456</u>	<u>761,944</u>	<u>(15,488)</u>	(2)%
Change in Net Position	<u>\$ 49,002</u>	<u>\$ 34,213</u>	<u>\$ 14,789</u>	43 %

Court costs and fees revenues increased about 7% (\$264,323 compared to \$246,574) from the prior year. Interest income decreased about 41% (\$1,776 compared to \$2,997) from the prior year. General government expenses increased 1% (\$221,972 compared to \$220,242) from the prior year. The net effect of the differences resulted in a \$49,002 increase in net position for the year ended September 30, 2021 versus the \$34,213 increase in net position in the previous year.

Fund Financial Statements

As of September 30, 2021, the general fund reported a fund balance of \$1,877,826, which is about 4% (\$1,877,826 compared to \$1,804,128) more than last year's fund balance. Less than 1% of current year fund balance is considered unspendable, that portion having been used for prepaid items (\$1,305). The remaining \$1,876,521 is unassigned. During the year ended September 30, 2021, court costs and fees revenue increased, and interest income decreased, as described above. On-behalf revenues decreased (3)% (\$524,484 compared to \$541,702). Expenditures, excluding the on-behalf amounts, increased about 20% (\$197,276 compared to \$163,749) from the prior year, primarily due to an increase in capital outlay of \$7,687, an increase in salaries of \$21,761, an increase in travel of \$8,541, and a decrease in office expense of \$15,369.

General Fund Budgetary Highlights

The Judge's Office amends its budget when there are unexpected differences between actual and anticipated revenues and/or expenditures. The final amended budget was adopted just prior to year end. The differences between the original and final amended budget was a decrease of 16% (\$143,800) in revenues and a 6% (\$45,485) decrease in expenditures. The change in budgeted revenues was primarily the result of a \$119,500 decrease in court costs and fees, representing a 31% change, and a \$22,800 decrease in on-behalf revenue, representing a 5% change. The change in budgeted expenses was primarily the result of an adjustment decreasing capital outlay expenses by \$18,300, decreasing on-behalf by \$22,800, decreasing office expense by \$17,190, and increasing salaries by \$13,436. There were no other significant budget adjustments.

Capital Assets

In 2021, the Judge's Office purchased \$7,687 in capital assets. For the upcoming year ending September 30, 2022, the Judge's Office plans to purchase office equipment. These purchases are included in the fiscal year 2022 budgeted capital expenditures line item for \$26,000. There are no plans to issue debt to finance the planned capital outlay for 2022 or any other future project.

Currently Known Facts, Decisions, or Conditions

We are not aware of any other facts, decisions, or conditions that are expected to have a significant impact on the financial position or results of operations after the reporting date.

Contacting the Judge's Office

This financial report is designed to provide citizens and taxpayers with a general overview of the finances of the Judge's Office and to show accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Ruston City Judge's Office at 401 N. Trenton Street, Ruston, LA 71270.

BASIC FINANCIAL STATEMENTS

RUSTON CITY JUDGE'S OFFICE

GOVERNMENTAL FUND BALANCE SHEET AND STATEMENT OF NET POSITION SEPTEMBER 30, 2021

	<u>General Fund</u>	<u>Adjustments (Note 5)</u>	<u>Statement of Net Position</u>
ASSETS			
Cash	\$ 1,871,371	\$	\$ 1,871,371
Due from Governmental Units	11,194		11,194
Prepaid Expenses	1,305		1,305
Capital Assets, Net	<u>0</u>	<u>373,982</u>	<u>373,982</u>
TOTAL ASSETS	<u>\$ 1,883,870</u>	<u>373,982</u>	<u>2,257,852</u>
DEFERRED OUTFLOWS OF RESOURCES			
		<u>44,146</u>	<u>44,146</u>
LIABILITIES			
Accounts Payable	\$ 3,241		3,241
Accrued Liabilities	2,803		2,803
Long-Term Liabilities			
Pension Liability	<u>0</u>	<u>231,607</u>	<u>231,607</u>
TOTAL LIABILITIES	<u>6,044</u>	<u>231,607</u>	<u>237,651</u>
DEFERRED INFLOWS OF RESOURCES			
		<u>61,736</u>	<u>61,736</u>
FUND BALANCE/NET POSITION			
FUND BALANCE:			
Nonspendable-Prepaid	1,305	(1,305)	0
Unassigned	<u>1,876,521</u>	<u>(1,876,521)</u>	<u>0</u>
TOTAL FUND BALANCE	<u>1,877,826</u>	<u>(1,877,826)</u>	<u>0</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,883,870</u>		
NET POSITION:			
Investment in Capital Assets		373,982	373,982
Unrestricted		<u>1,628,629</u>	<u>1,628,629</u>
TOTAL NET POSITION		<u>\$ 2,002,611</u>	<u>\$ 2,002,611</u>

See accompanying notes to financial statements.

RUSTON CITY JUDGE'S OFFICE

STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE AND STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>General Fund</u>	<u>Adjustments (Note 6)</u>	<u>Statement of Activities</u>
EXPENDITURES/EXPENSES			
Capital Outlay	\$ 7,687	\$ (7,687)	\$ 0
General Government--Judiciary			
Audit and Accounting Fees	18,732		18,732
Auto Expense	180		180
Continuing Education	2,775		2,775
Contract Services	4,101		4,101
Depreciation	0	50,690	50,690
Dues and Subscriptions	1,238		1,238
Insurance	59,308		59,308
Judge Ad Hoc	1,000		1,000
Library Expense	11,541		11,541
Miscellaneous	723		723
Office Expense	24,436		24,436
Pension Expense	147,822	(18,307)	129,515
Repairs and Maintenance	3,719		3,719
Salaries	415,331		415,331
Taxes	11,173		11,173
Telephone	1,348		1,348
Travel	10,646		10,646
TOTAL	<u>721,760</u>	<u>24,696</u>	<u>746,456</u>
PROGRAM REVENUES			
Charges for Services			
Court Costs and Fees	264,323		264,323
Contributions			
City of Ruston	4,875		4,875
On-Behalf Revenue	524,484		524,484
TOTAL	<u>793,682</u>		<u>793,682</u>
NET PROGRAM REVENUES	<u>71,922</u>	<u>(24,696)</u>	<u>47,226</u>
GENERAL REVENUES			
Interest Income	1,776		1,776
TOTAL GENERAL REVENUES	<u>1,776</u>		<u>1,776</u>
EXCESS OF REVENUES OVER EXPENDITURES	73,698	(73,698)	0
CHANGE IN NET POSITION		49,002	49,002
FUND BALANCE/NET POSITION			
BEGINNING OF THE YEAR	1,804,128	149,481	1,953,609
END OF THE YEAR	<u>\$ 1,877,826</u>	<u>\$ 124,785</u>	<u>\$ 2,002,611</u>

See accompanying notes to financial statements.

RUSTON CITY JUDGE'S OFFICE

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
SEPTEMBER 30, 2021**

	<u>Custodial Fund</u>
ASSETS	
Restricted Cash	\$ <u>1,511,340</u>
TOTAL ASSETS	\$ <u>1,511,340</u>
NET POSITION	
Restricted	
Held for Others	\$ <u>1,511,340</u>
TOTAL NET POSITION	\$ <u>1,511,340</u>

See accompanying notes to financial statements.

RUSTON CITY JUDGE'S OFFICE

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUND FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Custodial Fund</u>
ADDITIONS	
<i>Contributions:</i>	
Advance Court Costs Deposited	\$ <u>183,048</u>
Total Additions	<u>183,048</u>
DEDUCTIONS	
Civil Fees Paid	<u>191,907</u>
Total Deductions	<u>191,907</u>
CHANGE IN NET POSITION	(8,859)
Net Position, Beginning	<u>1,520,199</u>
Net Position, Ending	<u>\$1,511,340</u>

See accompanying notes to financial statements.

RUSTON CITY JUDGE'S OFFICE

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2021

The Ruston City Judge's Office was created on July 8, 1926, under the provisions of Act 157 of the Louisiana Legislature Summer Session. It has territorial jurisdiction extending throughout all of Lincoln Parish, Louisiana. There is one elected judge. The Judge's Office receives court costs and fees for services rendered on civil and criminal cases, in accordance with state law.

The accompanying basic financial statements of the Ruston City Judge's Office are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing generally accepted accounting principles for state and local governments through its pronouncements (Statements of Interpretations).

The more significant accounting policies used by the Judge's Office are discussed below:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Ruston City Judge's Office is fiscally dependent on the City of Ruston for office space, courtrooms, related utility costs, and providing the primary funding of salary costs. Because the Judge's Office is fiscally dependent on the City, the Judge's Office was determined to be a component unit of the City of Ruston. For the purposes of this financial report this component unit serves as the nucleus for its own financial reporting entity and issues separate financial statements.

B. Basic Financial Statements

The basic financial statements of the Ruston City Judge's Office include both government-wide (reporting the Judge's Office as a whole) and fund financial statements (reporting each individual fund of the Judge's Office). Since the Judge's Office is engaged in a single government program the government-wide and fund financial statements have been presented in a combined format using an adjustment column to reconcile the fund statements to the government-wide statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. All activities of the Ruston City Judge's Office are classified as governmental activities.

C. Fund Accounting

The Judge's Office uses the fund accounting method to maintain its financial records. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain court functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The following funds are used by the Judge's Office:

Governmental Funds

Governmental funds account for all or most of the 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 Ruston City Judge's Office.

The Judge's Office uses one fund, the **General Fund**, to account for all financial resources, except those required to be accounted for in other funds. The General Fund resources are available for any purpose provided they are expended or transferred in accordance with state and federal laws and according to the policy of the Judge's Office.

RUSTON CITY JUDGE'S OFFICE

NOTES TO FINANCIAL STATEMENTS (CONTINUED) SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fiduciary Funds

Custodial Fund

Custodial funds are used to account for assets held by the Judge's Office as a custodian for individuals, private organizations, or other governments outside the primary government that are not held in a trust. The custodial fund reports assets being held for others, accounts payable for disbursements that are scheduled within three months, and any excess of assets over liabilities are reported as net fiduciary position. The only fund accounted for in this category by the Judge's Office is the civil fees fund. Advance court costs and statutory court fees are deposited, various fees are paid out as they are earned, and any excess deposit is refunded as the civil suit is processed.

The reporting focus is on net position and changes in net position and are reported using the accrual basis of accounting. Since these assets are being held for third parties, these funds are not incorporated into the government-wide statements.

D. Measurement Focus/Basis of Accounting

Fund Financial Statements

The amounts reflected in the general fund financial statements and agency fund statement are presented using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports the sources and uses of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of operations.

The amounts reflected in the general fund financial statements and agency fund statement use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available). Measurable means the amount of the transaction can be determined and available means the amount of the transaction is collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Judge's Office considers all revenues available if they are collected within sixty days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred.

Government-Wide Financial Statements

The column labeled Statement of Net Position and the column labeled Statement of Activities display information about the Judge's Office as a whole. These statements include all the financial activities of the Judge's Office. Information contained in these columns reflect 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 occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Program Revenues - Program revenues included in the column labeled Statement of Activities are derived directly from court defendants and plaintiffs as a fee for services and from on-behalf payments made by other governmental units for salaries and benefits of employees of the Judge's Office; program revenues reduce the net cost of the function to be financed from other sources of the court's general revenues.

RUSTON CITY JUDGE'S OFFICE

NOTES TO FINANCIAL STATEMENTS (CONTINUED) SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Government-Wide Net Position

Government-wide net position is divided into three components:

Net Investment in Capital Assets - consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows or resources less deferred inflows of resources related to those assets.

Restricted Net Position - consist of assets that are restricted by creditors of the Judge's Office, by state enabling legislation, by grantors, and other contributors.

Unrestricted - all other net position is reported in this category.

F. Governmental Fund Balance

In the governmental fund financial statements, fund balances are classified to describe the relative strength of the spending constraints placed on the purposes for which resources can be used. These classifications are as follows:

Nonspendable Fund Balance - amounts that cannot be spent either because they are in a non-spendable form (such as prepaids) or because they are legally or contractually required to be maintained intact.

Restricted Fund Balance - amounts that can be spent only for specific purposes because of local, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed Fund Balance - amounts that can be used only for specific purposes determined by formal action from the Judge.

Assigned Fund Balance - amounts that are designated by the Judge for a particular purpose.

Unassigned Fund Balance - all amounts not included in other spendable classifications.

G. Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the policy used by the Judge's Office is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the policy used by the Judge's Office is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications-- committed and then assigned fund balances before using unassigned fund balances.

H. Budgetary Practices

The Judge's Office prepares an operating budget on its General Fund for its years ended September 30. Budgetary data is prepared based on prior year actual operating revenues and expenditures and expected differences between actual and anticipated revenues and expenditures. It is monitored by management and amended throughout the year as necessary. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. The Judge's Office performs only a custodial function in the case of agency funds and therefore a budget for these funds is not appropriate.

The 2021 general fund budget was authorized by the Judge, made available for public inspection at the Judge's Office, and adopted by the Judge on September 24, 2020. The budget was legally amended prior to year end by the Judge.

RUSTON CITY JUDGE'S OFFICE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Cash

Cash on hand, demand deposits, and time deposits with original maturities of three months or less from the date of acquisition are reported as cash. Time deposits with original maturities in excess of three months from the date of acquisition are reported as certificates of deposit. Bank deposits (or resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. Pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash and certificates of deposit are carried at cost which approximates market value.

J. Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the 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 revenues until a future period. In these circumstances, deferred outflows of resources result from the delayed recognition of expenditures or revenues, respectively.

K. Prepaid Expenses

Payments made for expenses that will benefit periods beyond the fiscal period incurred are recorded as prepaid items in the asset section of the balance sheet and expensed as the related benefit is realized.

L. Capital Assets - Governmental-Wide Financial Statements

Capital assets, with an original cost of \$500 or more, are capitalized at cost. Salvage value is estimated to be 5% of historical cost on some assets. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Furniture, Equipment, and Software	5-10 years
Buildings and Improvements	20-25 years

M. Vacation and Sick Leave

Vacation and sick leave are noncumulative. There are no accumulated and vested benefits relating to vacation and sick leave that require accrual or disclosure at year end.

N. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expenses, 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. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

RUSTON CITY JUDGE'S OFFICE

NOTES TO FINANCIAL STATEMENTS (CONTINUED) SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain 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 and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - CASH

At September 30, 2021, the Judge's Office has under its control general fund cash and fiduciary fund cash totaling \$3,382,711 (book balances). The Judge's collected balances with financial institutions at September 30, 2021, is \$3,414,731. These deposits were secured from risk by \$750,000 of federal deposit insurance and \$2,664,731 of pledged securities.

The pledged securities are held by the custodial bank in the name of the fiscal agent bank. They meet the deposit collateralization requirements of LSA-R.S. 39:1229, which require the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Judge's Office that the fiscal agent has failed to pay deposited funds upon demand. However, the deposits are considered uncollateralized under the provisions of GASB Statement 3.

NOTE 3 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at September 30, 2021, consisted of the following:

Fines and Court Costs Due from the Ruston Ward Marshal	\$ 6,207
Reimbursement from City of Ruston	4,875
Reinstatement Fees from the Louisiana Dept. of Public Safety	112
Total	\$ 11,194

NOTE 4 - CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended September 30, 2021, are as follows:

	<u>Balance</u> <u>10/01/20</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>09/30/21</u>
Capital Assets, being depreciated:				
Furniture, Equipment, and Software	\$ 580,941	\$ 7,687	\$ 0	\$ 588,628
Building and Improvements	<u>464,079</u>	<u>0</u>	<u>0</u>	<u>464,079</u>
Totals	<u>1,045,020</u>	<u>7,687</u>	<u>0</u>	<u>1,052,707</u>
Less Accumulated Depreciation:				
Furniture, Equipment, and Software	484,052	28,309	0	512,361
Building and Improvements	<u>143,983</u>	<u>22,381</u>	<u>0</u>	<u>166,364</u>
Totals	<u>628,035</u>	<u>50,690</u>	<u>0</u>	<u>678,725</u>
Net Capital Assets	<u>\$ 416,985</u>	<u>\$ (43,003)</u>	<u>\$ 0</u>	<u>\$ 373,982</u>

RUSTON CITY JUDGE'S OFFICE

NOTES TO FINANCIAL STATEMENTS (CONTINUED) SEPTEMBER 30, 2021

NOTE 5 - RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE GOVERNMENTAL-WIDE STATEMENT OF NET POSITION

At September 30, 2021, assets reported as available for government activities in the Statement of Net Position are different from the General Fund Balance Sheet as follows:

Fund Balance - General Fund	\$ 1,877,826
Adjustment for Capital Assets - Capital assets used in governmental activities are not financial resources and therefore are not reported in the general fund balance sheet nor reflected in fund balance for the general fund.	373,982
The deferred outflows of expenditures for pension obligations are not a use of current resources, and therefore, are not reported in the fund financial statements.	44,146
The deferred inflows of contributions for pension obligations are not available resources, and therefore, are not reported in the fund financial statements.	(61,736)
Adjustment for Long-Term Liabilities - Long-term pension liabilities are not due and payable in the current period and therefore are not reported in the general fund balance sheet nor reflected in fund balance for the general fund.	<u>(231,607)</u>
Total Net Position of Governmental Activities	<u>\$ 2,002,611</u>

NOTE 6 - RECONCILIATION OF THE STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

At September 30, 2021, amounts reported for government activities in the Statement of Activities are different from the General Fund Revenues, Expenditures, and Changes in Fund Balance as follows:

Net Change in Fund Balance - General Fund	\$ 73,698
Adjustment for Difference in Capital Outlays and Depreciation - Governmental funds report capital outlays as expenditures while in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. An adjustment is required for the difference between capital outlays of \$7,687 and depreciation expense of \$50,690 in the current period.	(43,003)
Adjustment for Difference in Pension Expense - Governmental funds report pension expenditures based on required contributions, while in the Statement of Activities pension expense is reported based on the change in net pension liability and amortization of deferred inflows and outflows.	<u>18,307</u>
Change in Net Position of Governmental Activities	<u>\$ 49,002</u>

RUSTON CITY JUDGE'S OFFICE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2021

NOTE 7 - PENSION PLAN

The Ruston City Judge's Office provides retirement benefits to some court employees through a cost sharing multiple-employer defined benefit pension plan administered by the Louisiana State Employees' Retirement System (LASERS). Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) grants to LASERS Board of Trustees and the Louisiana Legislature the authority to review administration, benefit terms, investments, and funding of the plan. The retirement system issues a publicly available financial report. That report may be obtained by writing to Louisiana State Employees' Retirement System, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809, by calling 1-800-256-3000, or at www.lasersonline.org.

General Information about the Pension Plan

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.

1. Retirement

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 majority of LASERS 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, at age 55 upon completing 25 years of creditable service, and 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. 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, 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.

RUSTON CITY JUDGE'S OFFICE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2021

NOTE 7 - PENSION PLAN (CONTINUED)

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 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.

2. Deferred Retirement Benefits

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.

RUSTON CITY JUDGE'S OFFICE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2021

NOTE 7 - PENSION PLAN (CONTINUED)

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

4. Survivor's Benefits

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.

5. 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. Employer contributions and employee contributions deducted from a member's salary are remitted to LASERS by participating employers. The rates in effect during the year ended June 30, 2021 for the various plans follow:

RUSTON CITY JUDGE'S OFFICE

NOTES TO FINANCIAL STATEMENTS (CONTINUED) SEPTEMBER 30, 2021

NOTE 7 - PENSION PLAN (CONTINUED)

Plan	Plan Status	Employee Rate	Employer Rate
Appellate Law Clerks	Closed	7.50 %	40.10 %
Appellate Law Clerks hired on or after 7/1/06	Closed	8.00 %	40.10 %
Alcohol Tobacco Control	Closed	9.00 %	38.10 %
Bridge Police	Closed	8.50 %	38.50 %
Bridge Police hired on or after 7/01/06	Closed	8.50 %	38.50 %
Corrections Primary	Closed	9.00 %	38.70 %
Corrections Secondary	Closed	9.00 %	43.00 %
Harbor Police	Closed	9.00 %	12.10 %
Hazardous Duty	Open	9.50 %	45.00 %
Judges hired before 1/01/11	Closed	11.50 %	42.50 %
Judges hired after 12/31/10	Closed	13.00 %	43.60 %
Judges hired on or after 7/1/15	Open	13.00 %	43.60 %
Legislators	Closed	11.50 %	36.50 %
Optional Retirement Plan before 7/1/06	Closed	7.50 %	40.10 %
Optional Retirement Plan on or after 7/1/06	Closed	8.00 %	40.10 %
Peace Officers	Closed	9.00 %	40.90 %
Regular Employees hired before 7/01/06	Closed	7.50 %	40.10 %
Regular Employees hired on or after 7/01/06	Closed	8.00 %	40.10 %
Regular Employees hired on or after 1/01/11	Closed	8.00 %	40.10 %
Regular Employees hired on or after 7/01/15	Open	8.00 %	40.10 %
Special Legislative Employees	Closed	9.50 %	38.50 %
Wildlife Agents	Closed	9.50 %	50.50 %

The Ruston City Judge's Office's contractually required composite contribution rate for the pension plan year ended June 30, 2022 and 2021 was 42.7% and 42.5%, respectively, of annual covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the the Ruston City Judge's Office were \$32,169 for the year ended September 30, 2021.

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

At September 30, 2021, the Employer reported a liability of \$231,607 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2021 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Ruston City Judge's Office's proportion of the Net Pension Liability was based on a projection of the Judge's Office's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the Ruston City Judge's Office's proportion was 0.00421%, which was a decrease of 0.00046% from its proportion measured as of June 30, 2020.

RUSTON CITY JUDGE'S OFFICE

NOTES TO FINANCIAL STATEMENTS (CONTINUED) SEPTEMBER 30, 2021

NOTE 7 - PENSION PLAN (CONTINUED)

For the year ended September 30, 2021, the the Ruston City Judge's Office recognized pension expense of \$16,237 less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$2,957.

At September 30, 2021, the Ruston City Judge's Office 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	\$ 229	\$ 0
Changes of assumptions	5,673	0
Net difference between projected and actual earnings on pension plan investments	0	54,012
Change in proportion and differences between Employer contributions and proportionate share of contributions	29,460	7,724
Employer contributions subsequent to the measurement date	8,784	0
Total	\$ 44,146	\$ 61,736

The Ruston City Judge's Office is reporting \$8,784 as deferred outflows of resources related to pensions resulting from their contributions subsequent to the measurement date which will be recognized as a reduction of the Net Pension Liability in the year ended September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30:

2022	\$ 5,085
2023	\$ 4,860
2024	\$ (12,272)
2025	\$ (24,047)

RUSTON CITY JUDGE'S OFFICE

NOTES TO FINANCIAL STATEMENTS (CONTINUED) SEPTEMBER 30, 2021

NOTE 7 - PENSION PLAN (CONTINUED)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2021 are as follows:

Valuation Date	June 30, 2021																		
Actuarial Cost Method	Entry Age Normal																		
Actuarial Assumptions:																			
Expected Remaining Service Lives	2 years																		
Investment Rate of Return	7.40% 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.																		
Salary Increases	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:																		
	<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Member Type</th> <th style="text-align: center;">Lower Range</th> <th style="text-align: center;">Upper Range</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Regular</td> <td style="text-align: center;">3.0 %</td> <td style="text-align: center;">12.8 %</td> </tr> <tr> <td style="text-align: center;">Judges</td> <td style="text-align: center;">2.6 %</td> <td style="text-align: center;">5.1 %</td> </tr> <tr> <td style="text-align: center;">Corrections</td> <td style="text-align: center;">3.6 %</td> <td style="text-align: center;">13.8 %</td> </tr> <tr> <td style="text-align: center;">Hazardous Duty</td> <td style="text-align: center;">3.6 %</td> <td style="text-align: center;">13.8 %</td> </tr> <tr> <td style="text-align: center;">Wildlife</td> <td style="text-align: center;">3.6 %</td> <td style="text-align: center;">13.8 %</td> </tr> </tbody> </table>	Member Type	Lower Range	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 %
Member Type	Lower Range	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 7.75%, recognizing an additional 35 basis points for gain-sharing. The net return available to fund regular plan benefits is 7.40%, which is the same as the discount rate. Therefore the System auditor's concluded that the 7.40% discount was reasonable.

RUSTON CITY JUDGE'S OFFICE

NOTES TO FINANCIAL STATEMENTS (CONTINUED) SEPTEMBER 30, 2021

NOTE 7 - PENSION PLAN (CONTINUED)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate 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 7.61% for 2021. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 are summarized in the following table:

Asset Class	Target Allocation ¹	Expected Long Term Real Rate of Return ¹
Cash	1 %	-0.29 %
Domestic equity	31 %	4.09 %
International equity	23 %	5.12 %
Domestic Fixed Income	3 %	0.49 %
International Fixed Income	18 %	3.94 %
Alternative Investments	24 %	6.93 %
Risk Parity	0 %	N/A %
Total Fund	100 %	5.81 %

¹ **For reference only:** Target Allocation presented in LASERS 2021 CAFR, page 50, and Long-Term Expected Real Rate of Return, page 29.

Discount Rate

The discount rate used to measure the total pension liability was 7.40%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating employers will be made at 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.

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

The following presents the Employer's proportionate share of the Net Pension Liability using the discount rate of 7.40%, 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 (6.40%) or one percentage-point higher (8.40%) than the current rate:

	1.0% Decrease (6.4%)	Current Discount Rate (7.4%)	1.0% Increase (8.4%)
Employer's proportionate share of the net pension liability	\$ 313,810	\$ 231,607	\$ 161,663

RUSTON CITY JUDGE'S OFFICE

NOTES TO FINANCIAL STATEMENTS (CONTINUED) SEPTEMBER 30, 2021

NOTE 7 - PENSION PLAN (CONTINUED)

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.

NOTE 8 - ON-BEHALF PAYMENTS

Employees of the Ruston City Judge's Office received salaries and fringe benefits from the City of Ruston and the State of Louisiana. The following is a summary of these on-behalf payments:

Salaries	\$ 348,317
Fringe Benefits	<u>176,167</u>
Totals	<u>\$ 524,484</u>

Fringe benefits paid by the City of Ruston and the State of Louisiana include pension plan contributions to the Louisiana State Employees' Retirement System. The City of Ruston also makes pension plan contributions to the Municipal Employees' Retirement System of Louisiana.

REQUIRED SUPPLEMENTAL INFORMATION
Budgetary Analysis

RUSTON CITY JUDGE'S OFFICE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-- BUDGET (GAAP BASIS) AND ACTUAL--GENERAL FUND FOR THE YEAR ENDED SEPTEMBER 30, 2021

REVENUES	Budgeted Amounts (GAAP Basis)		Actual (GAAP Basis)	Variance with Final Budget
	Original	Final	Amounts	Favorable (Unfavorable)
	Original	Final	Amounts	Favorable (Unfavorable)
Court Costs and Fees	\$ 390,500	\$ 271,000	\$ 264,323	\$ (6,677)
On-Behalf Revenue	499,800	477,000	524,484	47,484
Interest Income	3,400	1,900	1,776	(124)
TOTAL REVENUES	893,700	749,900	790,583	40,683
EXPENDITURES				
Capital Outlay--Equipment	26,000	7,700	7,687	13
Accounting Fees	30,000	21,000	18,732	2,268
Auto Expense	170	900	180	720
Continuing Education	3,000	2,900	2,775	125
Contract Services	2,600	4,400	4,101	299
Dues and Subscriptions	1,000	1,000	1,238	(238)
Insurance	3,200	3,650	3,751	(101)
Judge Ad Hoc	500	1,000	1,000	0
Library Expense	6,500	6,700	6,666	34
Miscellaneous	900	880	723	157
Office Expense	43,475	26,285	24,436	1,849
On-Behalf Expenses	499,800	477,000	524,484	(47,484)
Pension Expense	28,583	32,500	32,169	331
Repairs and Maintenance	2,100	3,100	3,719	(619)
Salaries	53,564	67,000	67,014	(14)
Taxes	4,308	6,200	6,216	(16)
Telephone	1,300	1,300	1,348	(48)
Travel	13,000	11,000	10,646	354
TOTAL EXPENDITURES	720,000	674,515	716,885	(42,370)
EXCESS OF REVENUES OVER EXPENDITURES	173,700	75,385	73,698	(1,687)
FUND BALANCE--BEGINNING	1,642,234	1,722,163	1,804,128	81,965
FUND BALANCE--ENDING	\$ 1,815,934	\$ 1,797,548	\$ 1,877,826	\$ 80,278

RUSTON CITY JUDGE'S OFFICE

SEPTEMBER 30, 2021

SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

<u>Fiscal Year</u>	<u>Employer's Proportion of the Net Pension Liability</u>	<u>Employer's Proportionate Share of the Net Pension Liability</u>	<u>Employer's Covered Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
Louisiana State Employees' Retirement System					
2021	0.00421 %	\$ 231,607	\$ 73,564	314.84 %	72.80 %
2020	0.00375 %	309,902	74,538	415.76 %	58.00 %
2019	0.00392 %	284,290	70,574	402.83 %	62.90 %
2018	0.00390 %	265,773	71,022	374.21 %	64.30 %
2017	0.00387 %	272,332	69,321	392.86 %	62.50 %
2016	0.00385 %	302,245	68,184	443.28 %	57.70 %
2015	0.00357 %	242,610	66,369	365.55 %	62.70 %
2014	0.00418 %	261,621	64,872	403.29 %	65.00 %

Notes:

The amounts presented for each fiscal year were determined as of a June 30th measurement date prior to the fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years. The years presented are the only years for which the required information is available.

RUSTON CITY JUDGE'S OFFICE

SEPTEMBER 30, 2021

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLANS

<u>Fiscal Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
Louisiana State Employees' Retirement System					
2021	\$ 32,169	\$ 32,169	\$ 0	\$ 75,124	42.82 %
2020	31,543	31,543	0	74,349	42.43 %
2019	29,095	29,095	0	71,483	40.70 %
2018	28,583	28,583	0	71,280	40.10 %
2017	26,907	26,907	0	69,837	38.53 %
2016	25,961	25,961	0	68,184	38.07 %
2015	27,095	27,095	0	66,687	40.88 %
2014	24,604	24,604	0	65,382	37.63 %

Notes:

The amounts presented were determined as of the end of the fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years. The years presented are the only years for which the required information is available.

RUSTON CITY JUDGE'S OFFICE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR PENSIONS FOR THE YEAR ENDED SEPTEMBER 30, 2021

Louisiana State Employees' Retirement System

1. Schedule of Employer's Share of Net Pension Liability

This schedule reflects the participation of Ruston City Judge's Office employees in LASERS and its proportionate share of the net pension liability as a percentage of its covered employee payroll, and the plan fiduciary net position as a percentage of the total pension liability.

2. Schedule of Employer's Contributions

This schedule represents the employer contributions subsequent to the measurement date and recognized as a reduction of the net pension liability in future years.

3. Actuarial Assumptions for Net Pension Liability

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	2 years
Investment Rate of Return	7.40% per annum for 2021
Inflation Rate	2.3% per annum for 2021
Mortality	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.

Disabled members - Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.

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.

Salary Increases
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:

Member Type	Lower Range	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 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.

OTHER REPORTS AND SCHEDULES

DON M. MCGEHEE

(A Professional Accounting Corporation)

P.O. Box 1344

205 E. Reynolds Dr., Suite A
Ruston, Louisiana 71273-1344

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 Danny Tatum
Ruston City Judge's Office
P.O. Box 1821
Ruston, LA 71273-1821

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ruston City Judge's Office, a component unit of the City of Ruston, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Ruston City Judge's Office's basic financial statements and have issued my report thereon dated March 28, 2022.

Internal Control Over Financial Reporting

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as #2021-1 that I consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Ruston City Judge's Office's financial statements are free from material misstatement, I performed tests on its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matter required to be reported under Government Auditing Standards.

Ruston City Judge's Office's Response to Findings

The Ruston City Judge's Office's response to the findings identified in my audit is described in the accompanying schedule of findings and questioned costs. The Ruston City Judge's Office's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

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



Don M. McGehee
Certified Public Accountant
March 28, 2022

RUSTON CITY JUDGE'S OFFICE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED SEPTEMBER 30, 2021

I have audited the financial statements of the Ruston City Judge's Office as of and for the year ended September 30, 2021, and have issued my report thereon dated March 28, 2022. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. My audit of the financial statements, as of September 30, 2021, resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No Significant Deficiencies Yes No

Compliance

Compliance Material to Financial Statements Yes No

Was a management letter issued? Yes No

Section II Financial Statement Findings

Finding #2021-1. Segregation of Duties. The Ruston City Judge's Office has too few personnel involved in the accounting system to have adequate segregation of duties for internal control.

RUSTON CITY JUDGE'S OFFICE

MANAGEMENT'S CORRECTIVE ACTION PLAN FOR THE YEAR ENDED SEPTEMBER 30, 2021

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENT

Finding #2021-1. Segregation of Duties. The Judge's Office is required to design internal controls with proper segregation of duties to prevent, or detect and correct, misstatements in the accounting system. The Judge's Office has inadequate segregation of duties, because there are too few personnel involved in the accounting system. The financial statements could have a misstatement that would not be prevented, or detected and corrected. Recommend that the Judge's Office involve more personnel in the accounting system to allow for adequate segregation of duties.

Response: *The Judge's Office has an accounting workload that can be easily managed by one employee. Hiring or involving additional employees in the accounting system to provide enhanced internal control does not appear as a practical and best use of current resources.*

SECTION II MANAGEMENT LETTER

No management letter issued.

RUSTON CITY JUDGE'S OFFICE

SCHEDULE OF PRIOR YEAR FINDINGS FOR THE YEAR ENDED SEPTEMBER 30, 2021

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENT

Finding #2020-1. Segregation of Duties. Too few personnel involved in the accounting system to have adequate segregation of duties for internal control.

Status: Unresolved. See Finding #2021-1.

RUSTON CITY JUDGE'S OFFICE

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO THE RUSTON CITY COURT JUDGE FOR THE YEAR ENDED SEPTEMBER 30, 2021

Ruston City Court Judge Danny Tatum:

<u>Purpose</u>	<u>Amount</u>
Salary paid by Civil Fees	\$ 75,124
Salary paid On-Behalf	83,895
Benefits-Retirement	32,169
Benefits-Retirement paid On-Behalf	36,457
Travel-Per Diem Allowance	1,062
Travel-Mileage	1,046
Travel-Lodging	2,981
Cell Phone	1,348
Continuing Professional Education Fees	1,000
Dues	350

RUSTON CITY JUDGE'S OFFICE

SCHEDULE OF JUSTICE SYSTEM FUNDING - RECEIVING FOR THE YEAR ENDED SEPTEMBER 30, 2021

As Required by Act 87 of the 2020 Regular Legislative Session

	First Six Month Period <u>Ended 03/31/21</u>	Second Six Month Period <u>Ended 9/30/21</u>
Receipts From:		
Ruston City Marshal, Criminal Court Costs/Fees	\$ 47,961	\$ 39,421
Ruston City Marshal, Probation/Parole/Supervision Fees	15,749	11,963
Ruston City Marshal, Restitution	2,422	5,330
Louisiana Department of Public Safety, Criminal Court Costs/Fees	625	1,338
Lincoln Parish Sheriff, Bond Fees	<u>86</u>	<u>70</u>
Total Receipts	<u>\$ 66,843</u>	<u>\$ 58,122</u>
Ending Balance of Amounts Assessed but Not Received	<u>\$ 0</u>	<u>\$ 0</u>

RUSTON CITY JUDGE'S OFFICE

SCHEDULE OF JUSTICE SYSTEM FUNDING - COLLECTING/DISBURSING FOR THE YEAR ENDED SEPTEMBER 30, 2021

As Required by Act 87 of the 2020 Regular Legislative Session

	<u>First Six Month Period Ended 03/31/21</u>	<u>Second Six Month Period Ended 09/30/21</u>
Beginning Balance of Amounts Collected	\$1,534,318	\$1,541,972
Add: Collections		
Civil Fees	93,944	89,103
Criminal Court Costs/Fees	<u>61,797</u>	<u>57,193</u>
Subtotal Collections	<u>155,741</u>	<u>146,296</u>
Less: Disbursements to Governments and Nonprofits		
Ruston City Marshal, Civil Fees	14,168	15,911
Louisiana State Treasurer, Civil Fees	7,722	9,362
Second Circuit Court of Appeal, Civil Fees	0	981
Louisiana Attorney General, Civil Fees	0	15
Louisiana Supreme Court, Civil Fees	148	179
Avoyelles Parish Sheriff, Civil Fees	36	0
Pointe Coupee Parish Sheriff, Civil Fees	36	0
Tangipahoa Parish Sheriff, Civil Fees	62	62
Orleans Parish Sheriff, Civil Fees	60	0
Madison Parish Sheriff, Civil Fees	60	0
Jackson Parish Sheriff, Civil Fees	172	248
Union Parish Sheriff, Civil Fees	350	244
Evangeline Parish Sheriff, Civil Fees	5	0
Ouachita Parish Sheriff, Civil Fees	388	657
Bienville Parish Sheriff, Civil Fees	368	899
St. Tammany Parish Sheriff, Civil Fees	71	0
St. Mary Parish Sheriff, Civil Fees	51	0
Claiborne Parish Sheriff, Civil Fees	292	186
West Carroll Parish Sheriff, Civil Fees	53	0
East Baton Rouge Parish Sheriff, Civil Fees	2,650	2,016
Caddo Parish Sheriff, Civil Fees	62	280
Calcasieu Parish Sheriff, Civil Fees	0	41
Rapides Parish Sheriff, Civil Fees	81	53
Winn Parish Sheriff, Civil Fees	45	50
Lafayette City Marshal, Civil Fees	0	30
Lafourche Parish Sheriff, Civil Fees	0	76
Richland Parish Sheriff, Civil Fees	0	18
Webster Parish Sheriff, Civil Fees	0	100
Jefferson Parish Sheriff, Civil Fees	0	30
Bossier Parish Sheriff, Civil Fees	0	30
St. John Parish Sheriff, Civil Fees	0	37
Louisiana Secretary of State, Civil Fees	200	150

RUSTON CITY JUDGE'S OFFICE

SCHEDULE OF JUSTICE SYSTEM FUNDING - COLLECTING/DISBURSING FOR THE YEAR ENDED SEPTEMBER 30, 2021 (CONTINUED)

As Required by Act 87 of the 2020 Regular Legislative Session

	<u>First Six Month Period Ended 03/31/21</u>	<u>Second Six Month Period Ended 09/30/21</u>
Less: Amounts Retained by Collecting Agency		
Collection Fee for Collecting/Disbursing to Others Based on Percentage of Collections	0	0
Collection Fee for Collecting/Disbursing to Others Based on Fixed Amounts	0	0
Amounts "Self-Disbursed" to Collecting Agency		
Civil Fees	46,185	54,532
Criminal Court Costs/Fees	61,797	57,193
Other	261	0
Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies		
Other Disbursements to Individuals	<u>12,764</u>	<u>16,704</u>
Subtotal Disbursements/Retainage	<u>148,087</u>	<u>160,084</u>
Total: Ending Balance of Amounts Collected but not Disbursed/Retained	<u>\$1,541,972</u>	<u>\$1,528,184</u>
Ending Balance of "Partial Payments" Collected but not Disbursed	<u>\$ 0</u>	<u>\$ 0</u>
Other Information:		
Ending Balance of Total Amounts Assessed but not yet Collected	<u>\$ 10,372</u>	<u>\$ 15,151</u>
Total Waivers During the Fiscal Period	<u>\$ 0</u>	<u>\$ 0</u>